



PURVELO FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

ISSUANCE DATE: August 12, 2024

FRANCHISE DISCLOSURE DOCUMENT



Purvelo Franchising, LLC
a Virginia limited liability company
1000 W. Main Street
Charlottesville, VA 22903
(877) 827-8074

franchising@extraordinarybrands.com
www.Purvelocycle.com

The franchise offered is for the establishment and operation of businesses that provide a cycle studio model offering spin and other fitness class offerings (each, a “Studio”).

The total investment necessary to begin operation of a PURVELO franchise is between \$355,920 and \$512,320. This includes \$50,000 that must be paid to the franchisor or affiliate.

The total investment necessary to operate multiple Studios under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into a development agreement for the right to develop three Studios is \$430,920 to \$587,320 which includes \$120,000 that is paid to us or our affiliates prior to opening your first Studio.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.** You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact RJ Krone at 1000 W. Main Street, Charlottesville, Virginia 22903, (877) 827-8074.

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

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How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully. Is the franchise system stable, growing, or shrinking? Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Purvelo business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Purvelo franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit B.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in the state of the franchisor's principal place of business, which is currently Virginia. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Virginia than in your own state.
2. **Spousal Liability.** If you are a business entity, your owners will have to guarantee your obligations and be bound by the provisions of the franchise agreement. The spouses of the owners may also be required to consent to the guarantee, which places the spouses' material assets at risk.
3. **Minimum Performance.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (See Item 21), calls into question the franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

STATE OF MICHIGAN
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act [the Michigan Franchise Investment Law]. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection only applies if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state [Michigan]. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state [Michigan].
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - i. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - ii. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Antitrust and Franchise Unit, 670 Law Building, Lansing, Michigan 48913, (517) 373-7117.

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**ITEM 1:
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this Disclosure Document, the words “**purvelo**,” “**Purvelo**,” “**we**,” “**our**,” and “**us**” refer to Purvelo Franchising, LLC, the franchisor of this business. The words “**you**,” “**your**,” “**yourself**,” or “**Franchisee**” refer to the person who buys the franchise, whether you are an individual or a corporation, limited liability company, or other legal entity. If you are a corporation, limited liability company, or other business entity, “**you**” also may mean your owners.

The Franchisor

Purvelo Franchising, LLC is a limited liability company formed in the State of Virginia on May 23, 2022. Our principal place of business is 1000 W. Main Street, Charlottesville, VA 22903. We do business only under our corporate name and the name “PURVELO FRANCHISING.” We began offering Purvelo Franchised Businesses in September 2022. Our agents for service of process are listed in Exhibit B to this Disclosure Document. The name and address of our Agent for Service of Process in Virginia is RJ Krone, 1000 W. Main Street, Suite J, Charlottesville, VA 22903.

As of December 31, 2023, there were two (2) Purvelo locations in the U.S.

Our Parents, Predecessor and Affiliates

Our Parent

Our direct parent is Extraordinary Brands, LLC (“**EB**”) a limited liability company formed in the State of Virginia on May 23, 2022. EB’s principal place of business is 1000 W. Main Street, Charlottesville, VA 22903. EB’s parent is AE Capital Group, LLC (“**AE Capital Group**”), a Delaware entity formed on May 20, 2021, with a principal place of business at 1000 W. Main Street, Charlottesville, VA 22903. EB will provide our franchisees with internally prepared marketing and technology services. Neither AE Capital Group nor EB provides products or services (except those previously mentioned) to our franchisees, and neither offers nor sells, or has offered nor sold, franchises in any line of business.

Our Affiliates

Our affiliate, Purvelo, LLC, is a limited liability company formed in the State of Virginia on February 10, 2014. Purvelo, LLC has operated a business similar to the Franchised Business we offer in this Disclosure Document since its formation. Purvelo, LLC currently operates two (2) locations in the United States, which we refer to as “**Company-Owned Outlets**.” The two (2) Studios operated by Purvelo, LLC are located in Auburn, AL and Chapel Hill, NC. Purvelo, LLC does not currently and has not previously offered nor sold franchises in any line of business. The two (2) Company-Owned Outlets will serve as the training models for franchisees.

Our affiliate, Row House Franchising, LLC (“**Row House**”) is a Virginia limited liability company formed on May 17, 2024 with a principal business address of 126 Garrett Street, Suite J, Charlottesville, Virginia 22902. Row House operates under its corporate name and the name “Row House.” Row House has been offering franchises for fitness studios that provide rowing and other specialized exercise classes using designated equipment since July 2024. As of the December 31, 2023, there were 65 franchised outlets in the United States. Other than the above, Row House does not offer franchises in any other line of business, does not engage in any other line of business, and does not own or operate any similar businesses to the one it franchises.

Our affiliate, Eat the Frog Franchising, LLC (“**ETF**”) is a Virginia limited liability company formed on March 8, 2024 with a principal business address of 126 Garrett Street, Suite J, Charlottesville, Virginia 22902. ETF operates under its corporate name and the name “Eat the Frog.” ETF has been offering franchises for workout studios since July 2024. As of the December 31, 2023, there were 7 franchised outlets and 2 licensees in the United States. Other than the above, ETF does not offer franchises in any other line of business, does not engage in any other line of business, and does not own or operate any similar businesses to the one it franchises.

Our affiliate, Neighborhood Barre Franchising, LLC (“**Neighborhood Barre**”) is a Virginia limited liability company formed on April 25, 2024 with a principal business address of 126 Garrett Street, Suite J, Charlottesville, Virginia 22902. Neighborhood Barre has not yet begun offering franchises, but plans to do so in 2024 and such franchises will be for fitness studios that offer barre based workout classes. Neighborhood Barre does not engage in any other line of business, and does not own or operate any similar businesses to the one it franchises. As of December 31, 2023, there were 23 operating outlets.

Our affiliate, AE Capital, LLC (“**AE Capital**”), a Delaware entity formed on January 20, 2015, with its principal place of business at 126 Garrett Street, Suite J, Charlottesville, VA 22911, is the parent company of Premium Service Brands, LLC (“**PSB**”), a Delaware entity formed on January 15, 2015, with its principal place of business at 126 Garrett Street, Suite J, Charlottesville, VA 22911. PSB is the parent company of PSB Group, Inc. (“**PSB Group**”), a Delaware entity formed on May 14, 2021, with its principal place of business at 126 Garrett Street, Suite J, Charlottesville, VA 22911. None of AE Capital, PSB, and PSB Group offer franchises in any line of business, nor do any of them provide products or services directly to our franchisees.

PSB Group is the direct parent of the following affiliates, which do not operate any other business or offer franchises in any other line of business, except as described below:

Affiliate	Principal Business Address	Franchise Offered	Offered Franchises Since	Number of as of December 31, 2023
360 Painting, LLC (“ 360 Painting ”)	126 Garrett Street, Suite J, Charlottesville, VA 22911	painting and wall finishing services for both exterior and interior portions of residences and “light commercial” buildings	April 1, 2013 Predecessor: 360 Painting, Inc., which offered and sold franchises from September 2, 2006 until April 1, 2013.	136 outlets in the U.S.
Pro-Lift Doors Franchise, LLC (“ Pro Lift ”)	1000 W. Main Street, Charlottesville, VA 22903	a full range of residential and commercial overhead garage services	September 1, 2015	72 franchisees operating 94 territories in the U.S.
Maid Right, LLC (“ Maid Right ”)	1000 W. Main Street, Charlottesville, VA 22903	residential cleaning and related services	April 2018	32 franchisees operating 44 territories, of which 9 were master franchises in the U.S.

Affiliate	Principal Business Address	Franchise Offered	Offered Franchises Since	Number of as of December 31, 2023
House Doctors, LLC (“ House Doctors ”)	1000 W. Main Street, Charlottesville, VA 22903	handyman services for both exterior and interior portions of residences and “light commercial” buildings	November 2021 Predecessor: Handyman Pro, LLC, which offered Handyman Pro franchises from April 2018 until September 2021	42 franchisees operating 50 territories in the U.S.
Kitchen Wise, LLC (“ Kitchen Wise ”)	1000 W. Main Street, Charlottesville, VA 22903	market, design, sell and install custom products and shelving for kitchen and bathroom cabinets and closets	October 2019	6 franchisees operating 6 territories in the U.S.
Rubbish Works, LLC (“ Rubbish Works ”)	1000 W. Main Street, Charlottesville, VA 22903	service junk removal for residential consumers	November 2020	4 franchisees operating 5 territories in the U.S.
The Grout Medic, LLC (“ Grout Medic ”) DE limited liability company	1000 W. Main Street, Charlottesville, VA 22903	tile and grout restoration, repair, and re-caulking services for both exterior and interior portions of residences and “light commercial” buildings	October 2021 Predecessor: The Grout Medic, LLC (TX limited liability company) which offered and sold franchises from December 2019 to September 2021	34 franchisees operating 61 territories in the U.S.
RooterMan, LLC (“ RooterMan ”)	1000 W. Main Street, Charlottesville, VA 22903	plumbing and sewer services for residential and commercial consumers	February 2022	70 franchisees operating 703 outlets in the U.S. and Canada.
Window Gang, LLC (“ Window Gang ”)	126 Garrett Street, Suite J, Charlottesville, Virginia, 22902	window cleaning, gutter cleaning, pressure washing, low pressure chemical washing, deck/fence restoration, roof washing, house washing, dryer vent cleaning, chimney sweeping and other cleaning services	May 2023	32 franchisees operating 48 outlets in the U.S.

Our Business & the Franchise Offered

We grant franchises to qualified individuals and business entities to establish and operate boutique spin fitness studio businesses under the name “**Purvelo**” and certain other trademarks, service marks, trade names, and logos we designate from time to time (collectively referred to as the “**Marks**”). We refer to the Purvelo business you will operate as the “**Purvelo Business**,” the “**Studio**,” the “**Franchised Business**,” or simply your “**Business**.” We do not offer and have not previously offered franchises in any other line of business. We do not operate any businesses similar to the Business.

You will offer boutique cycle/spin studio classes and offer related products and merchandise for sale.

You must operate your Purvelo Business under the terms of our standard franchise agreement (“**Franchise Agreement**”). A copy of our current form Franchise Agreement is attached as Exhibit E to this Disclosure Document. The geographic area granted to you under the Franchise Agreement is referred to as the “**Designated Market Area**.” Your Purvelo Business must offer only authorized services and products we specify or authorize (“**Approved Products and Services**”). We reserve the right to add, modify, or delete any services or products that you must offer or sell in your Purvelo Business at any time.

Each Purvelo Business must operate in accordance with our “**System**.” The distinguishing characteristics of the System include among other things, brand standards and procedures for business operations and management; procedures and strategies for marketing, advertising and promotions, signage, vehicle wrapping, inventory and materials; methods and techniques for successful operation of a Studio and techniques for inventory and cost control; the Marks; the Brand Standards Manual; and brand standards, specifications and procedures for record keeping, accounting, billing, collections and account management; all of which are designed to enhance the brand and the business and managerial aspects of the Purvelo Studio business.

Multi-Unit Offering

We also offer qualified individuals and entities the right to open and operate multiple Franchised Businesses within a designated geographical area (the “**Development Area**”) under our current form of development agreement that is attached to this Disclosure Document as Exhibit F (the “**Development Agreement**”), which will also outline a schedule or defined period of time in which you must open and commence operating each Franchised Business (a “**Development Schedule**”).

You will be required to sign a Franchise Agreement for the initial Franchised Business we grant you the right to open within the Development Area at the same time you sign your Development Agreement, and you will need to sign our then-current form of franchise agreement for each of the Franchised Businesses you open under the Development Schedule, which may differ from the current franchise agreement included with this Disclosure Document.

You will be required to pay us a one-time development fee that will be calculated based on the number of Franchised Businesses we grant you the right to open under the Development Agreement (the “**Development Fee**”), but you will not be required to pay any other initial franchise fee at the time you execute your franchise agreements for each Franchised Business we permit you to open under your Development Agreement.

General Description of the Market and Competition

Our concept is targeted towards offering a high-end boutique spin studio experience. As a Franchisee, you will compete in a developed market with local businesses as well as regional or national chains of businesses offering similar services and products, including specialized service businesses that focus their offerings on a limited type of service including spin studio class offerings.

Regulations Specific to the Industry

Federal, state, and local laws, rules, regulations and ordinances may apply to the operation of a Purvelo Business, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of real property improvements; (b) set standards pertaining to employee health and safety; and (c) protect the environment by, for example, regulating disposal of wastewater, airborne concentrations of lead, lead paint removal and disposal of hazardous chemicals and waste. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating a Purvelo Business, and you should consider both their effect and the cost of compliance.

Many states and certain local governments have laws regulating health/fitness facilities, including laws requiring postings covering steroids and other drug use, requiring certain medical equipment in the facility, limiting the supplements that facilities can sell, requiring bonds if a health/fitness center sells memberships valid for more than a specified time period, requiring owners to deposit into escrow certain amounts collected from members before the facility opens (these are referred to as pre-sale memberships), and imposing other restrictions on memberships that the facility sell. You must investigate whether laws of this type will apply to your Franchised Business. If so, you may have to register with a state consumer protection agency, escrow funds during pre-sale and/or post a security bond or a letter of credit to protect your members. You may also be subject to other state and local licensing requirements and ordinances.

Laws and regulations vary widely from place to place. You should consult an advisor in your area to determine all applicable laws and regulations. You must obtain all contractor permits and licenses and operational licenses. We are not required to provide any guidance in compliance with these laws and regulations, and any guidance that is provided is not guaranteed. You should consult with your attorney concerning these and other laws, regulations and ordinances that may affect the operation of the Business. You are solely responsible for investigating and complying with all of these applicable laws, regulations, and other requirements, despite any advice or information that we may give you. We have not specifically researched these laws in your state and locality to determine their applicability to your Business.

ITEM 2: BUSINESS EXPERIENCE

President: RJ Krone

Mr. Krone has served as President of Purvelo since January 2024. Mr. Krone also serves as President of our affiliates, Row House and ETF, and has done so since January and April 2024, respectively. Previously, Mr. Krone served as Vice President of Franchise Operations of Pvolve LLC, located in Chicago, Illinois, from April 2020 until December 2023. From August 2016 to March 2020, he served as Vice President of Operations for Spring Green Enterprises in Naperville, Illinois. He serves in his present capacities in Chicago, Illinois.

Director of Fitness Programming: Amanda Mielke

Mrs. Mielke has served as our Director of Fitness Programming since July 2024 and previously served as our Director of Training and Merchandising from June 2023 until July 2024. She has served in these same roles for Row House since May 2024 and for ETF since April 2024. From May 2021 to May 2023, Mrs. Mielke served as Director of Studio Operations. From December 2018 to May 2021, she served as a Master Instructor and Studio Manager in Auburn, Alabama.

Director of Marketing: Ellen Park

Ms. Park has served as the Director of Marketing for EB since May 2024. She has also been a part-time trainer for pvolve, in Upper Saddle River, New Jersey, since March 2024. Previously, she served as the Marketing Account Manager for Loud Rumor, in Scottsdale Arizona, from February 2023 until April 2024 and the Director/Owner of a DEFINE body & mind location, in Allendale, New Jersey, from January 2017 until November 2022.

Chief Executive Officer: Paul Flick

Mr. Flick has served as the CEO of our both our parent, AE Capital Group, since May 2021, and our direct parent, Extraordinary Brands, LLC, since May 2022, at our headquarters in Charlottesville, VA. Mr. Flick also serves as the CEO of AE Capital, at our headquarters in Charlottesville, VA since its inception in April 2013. Mr. Flick has also served as the CEO of PSB and PSB Group at its headquarters in Charlottesville, VA since January 2015. Mr. Flick also serves as the CEO of our affiliated companies, all of which are headquartered in Charlottesville, VA: 360 Painting, since April 2013; Maid Right, since April 2018; Handyman Pro, since April 2018; Kitchen Wise, since September 2019; Renew Crew, since January 2020; Pro Lift, since September 2015; Rubbish Works, since November 2020, House Doctors and The Grout Medic since September 2021, RooterMan since January 2022; Row House since May 2024, and ETF since April 2024.

ITEM 3: LITIGATION

Purvelo Franchising, LLC has no litigation information required to be disclosed in this item.

The following litigation relates to our affiliates, PSB Group.

Prior Actions

Dispatch Technologies, Inc. v. Premium Service Brands, LLC (case #1984CV01003, The Superior Court, Suffolk County, Trial Court of Massachusetts, filed March 29, 2019). Plaintiff was a CRM software vendor that filed claims for breach of contract, breach of a covenant of good faith and fair dealing and unfair and deceptive trade practices and seeking unspecified damages and attorneys' fees relating to unpaid fees for services rendered after a dispute arose regarding the vendor's lack of performance under a vendor contract. The parties settled on May 20, 2019 with Premium Service Brands, LLC agreeing to pay \$190,000 to mutually terminate the contract and be able to pursue a new CMR vendor. The suit was fully dismissed on June 7, 2019.

MMG-360 LLC, et al. v. Paul Flick, Home Service Franchising, Inc., 360 Painting LLC, Maintenance Made Simple LLC, et al. (Case No. CV-11-752725, Court of Common Pleas, Cuyahoga County, Ohio). On April 6, 2011, Plaintiff brought an action against Defendants alleging fraud in the inducement and seeking refund of Plaintiff's purchase price in a transaction in which Plaintiff entities purchased assets of Defendant entities for \$140,000, which transactions were rescinded shortly after their occurrence; fraud and breach of contract based on the rescission or settlement agreement entered into between Plaintiffs and Defendants in which Plaintiffs agreed to accept \$100,000 from Defendants in full repayment of the \$140,000 original purchase price paid by Plaintiffs; and seeking declaratory judgment that certain ancillary agreements were canceled and terminated and that exclusive control over Plaintiff entities revert to Plaintiff Merry Meeting, Inc. Plaintiffs and Defendants filed cross motions for summary judgment. Plaintiff's summary judgment motion was granted control over Plaintiffs MMG-360, LLC; MMG-MMS, LLC; and MMG-MC, LLC was returned to Plaintiff Merry Meeting, Inc. The parties originally agreed in principal to settlement terms in July 2013 calling for Defendants 360 Painting, LLC and Flick to pay \$100,000 to Plaintiffs in exchange for full general releases by all parties, but the settlement was never finalized. Defendants 360 Painting, LLC and Purvelo Franchising, LLC

Flick later contacted Plaintiffs in 2020 and the parties signed a formal settlement agreement dated May 26, 2020 under which Defendants paid \$100,000 to Plaintiffs in exchange for full general releases.

Governmental Actions

In the Matter of 360 Painting, LLC f.k.a. 360 Painting, Inc., and Paul Flick, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2015-0477, as modified by Order Modifying Consent Order dated January 4, 2017. On or about February 23, 2016, the Securities Division of the Office of the Attorney General of the State of Maryland initiated an investigation into the franchise related activities of 360 Painting, LLC and Paul Flick. On August 18, 2016, the defendants entered into a Consent Order with the Securities Commissioner, in which they agreed, without admitting or denying any of the Commissioner's statements of fact or conclusions of law, except as to the Commissioner's jurisdiction in the proceeding, (1) to immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Registration and Disclosure Law; (2) to promptly file with the Securities Division and diligently pursue the completion of an initial application to register the 360 Painting franchise offering in Maryland; and (3) to send offers of rescission to two Maryland Franchisees, offering them the right to rescission of their 360 Painting franchise agreements and to obtain a refund of initial franchise fees. In an Order Modifying Consent Order dated January 4, 2017, the Consent Order was modified so that 360 Painting was not required to register its 360 Painting franchise offering in Maryland as long as no offers or sales of 360 Painting franchises were made in Maryland or to any Maryland residents. In the Consent Order, the Commissioner concluded that defendants had violated §§ 14-214, 14-216, 14-228 and 14-229 of the Maryland Franchise Registration and Disclosure Law by offering and selling franchises in Maryland and to Maryland residents while not registered in Maryland and using a Franchise Disclosure Document that failed to set forth all information the Securities Division requires, specifically that defendants failed to include certain litigation in Item 3. 360 Painting has corrected this error. The two Maryland Franchisees accepted the rescission offer.

In the Matter of 360 Painting, LLC, No. 20-AVC-F001, investigation by Illinois Attorney General's Office. In January 2020, the Illinois Attorney General's Office began an investigation of potential violations of the Illinois Franchise Disclosure Act by 360 Painting regarding its failure to obtain a signed Illinois amendment to the franchise agreement for Illinois franchises between April 2017 and December 2019. 360 Painting did not contest that Illinois amendments were not executed by Illinois franchisees during this period, but asserted that: (a) each Illinois franchisee received a properly registered franchise disclosure document, including an addendum to the disclosures and an amendment to the franchise agreement containing modifications required by Illinois law; and (b) because each franchisee received the required disclosures, the failure to obtain executed amendments from each franchisee could not have affected the franchisees' decision to purchase the franchise. The Illinois Attorney General asserted that because 360 Painting brought suit against an Illinois franchisee in Virginia (before unilaterally dismissing the case by filing a Motion to Non-Suit), Illinois franchisees were harmed. On May 22, 2020, 360 Painting entered into an Assurance of Voluntary Compliance ("AVC"), under which 360 Painting agreed to offer affected franchisees the opportunity to rescind their franchise agreements, make a \$6,000 payment to the state, disclose the AVC in its disclosure document, and comply with the Illinois Franchise Disclosure Act in the future.

In the matter of Commonwealth of Virginia, ex. rel. State Corporation Commission v. 360 Painting, LLC, No. SEC-2020-00055, investigation by the Virginia State Corporation Commission. In 2020, the Virginia State Corporation Commission began an investigation of potential violations of the Virginia Retail Franchising Act Rules of the Virginia Administrative Code, 21 VAC 5-110-10 et seq. *the "Act"), regarding alleged failures to disclose necessary litigation, administrative, or material civil actions involving 360 Painting or Flick, in its 2017-2020 Franchise Disclosure Documents ("FDD's"). 360 Painting contested whether the litigation was required to be included in the relevant FDD's and neither admitted nor denied the SCC's allegations. On March 2, 2021, an agreed Settlement Order was entered by the State Corporation

Commission's Clerk's Office under which 360 Painting agreed to pay \$10,000 in monetary penalties, \$1,000 to defray costs of investigation, and agreed not to violate the Act in the future.

In The Matter of the Commissioner of Financial Protection and Innovation v. 360 Painting, LLC, Pro-Lift Doors Franchise, LLC, Maid Right, LLC, Handyman Pro, LLC, Kitchen Wise, LLC, Renew Crew, LLC, Rubbish Works, LLC, and Paul Flick, an individual, Administrative Proceeding Before the Department of Financial Protection and Innovation of the State of California, File Origination ID 33649, 26267, 110487, 293487, 292987, 339827, 99696, 365318, 403947, Consent Order dated November 19, 2021. In early 2021, the Commissioner of Financial Protection and Innovation ("Commissioner") opened an informal inquiry regarding alleged failures by defendants to disclose certain litigation, administrative, or material civil actions involving defendants in their Franchise Disclosure Documents ("FDD's") as well as related allegations of misrepresentations and omissions in connection with defendant 360 Painting, LLC's 2017 FDD and related sales activities in California. Defendants contested the Commissioner's allegations, but on November 19, 2021, the defendants elected to enter into a Consent Order with the Commissioner, in which they agreed, without admitting or denying any of the Commissioner's statements of fact or conclusions of law, (1) to immediately and permanently cease and desist from the offer and sale of franchises in violation of the California Franchise Investment Law; (2) to pay penalties of \$72,500 and costs of \$10,500 to the Commissioner; (3) to disgorge all initial franchise fees paid by California franchisees to defendant 360 Painting, LLC and refrain from enforcing or collecting judgments against California franchisees; (4) to disclose to the Commissioner pending and concluded governmental agency matters, pending and concluded administrative, criminal and civil actions against defendants and bankruptcies and debt discharges filed by defendants; (5) to a stop order related to the effectiveness of defendant's 2021 California applications; and (5) to a bar order against defendant Paul Flick from offering or selling franchises or filing franchise registrations in California for 36 months.

In the matter of determining whether there has been a violation of the Franchise Investment Protection Act of Washington by: 360 Painting, LLC and In the matter of determining whether there has been a violation of the Franchise Investment Protection Act of Washington by: Pro-Lift Doors Franchise, LLC. State of Washington Department of Financial Institutions Securities Division, Order No. S-22-3399-22-CO01, Consent Order dated October 4, 2022. In May 2022, the Securities Division of the Washington Department of Financial Institutions (DFI) began conducting an investigation regarding the offer and sale of franchises by Premium Service Brands, LLC and other entities to determine whether there have been any violations of the Washington Franchise Investment Protection Act (RCW 19.100). Following informal discussions with the DFI, effective October 4, 2022, 360 Painting, LLC and Pro-Lift Doors Franchise, LLC elected to enter into separate Consent Orders with the DFI, in which they each agreed, without admitting or denying any of the DFI's statements of fact or conclusions of law, (1) to cease and desist from any violation of RCW 19.100.170; and (2) to pay investigative costs of \$2,000.

In the Matter of 360 Painting, LLC, and Paul Flick, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2022-0226. In December 2022, the Securities Division of the Office of the Attorney General of the State of Maryland initiated an investigation into the franchise related activities of 360 Painting, LLC and Paul Flick. On April 19, 2023, 360 Painting, LLC and Paul Flick entered into a Consent Order with the Securities Commissioner, in which they agreed, without admitting or denying any of the Commissioner's statements of fact or conclusions of law, except as to the Commissioner's jurisdiction in the proceeding, (1) to immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Registration and Disclosure Law; (2) to pay to the Office of the Attorney General in conjunction with this Consent Order the sum of \$50,000.00 as a civil monetary penalty; and (3) that the Consent Order is a disclosable order as described under the Maryland Franchise Law, and Item 3 of the NASAA Franchise Registration and Disclosure Guidelines and Amended FTC Franchise Rule. In the Consent Order, the Commissioner concluded that defendants had violated §§ '14-216, 14-220, 14-229, and 14-230 of the Maryland Franchise Law and an order of the Securities

Commissioner by failing to disclose certain lawsuits in Franchise Disclosure Documents filed with the Securities Division in 2017 to 2019.

Other than the above actions, no litigation is required to be disclosed in this Item.

**ITEM 4:
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5:
INITIAL FEES**

Initial Franchise Fee

Single Unit Fee

The initial franchise fee (“**Franchise Fee**”) for a Purvelo Business is \$45,000 for a single unit. The Franchise Fee is payable by wire transfer and generally must be paid in one lump sum upon execution of the Franchise Agreement.

The Franchise Fee is fully earned when paid and not refundable.

Development Fee

If we determine that you are financially and operationally qualified to develop multiple Studios, we may offer you the opportunity to enter into a Development Agreement, in which you will commit to develop at least two (2) Purvelo Businesses. We have the right to determine the number of Studios that we deem as appropriate in our sole and absolute discretion, based upon several factors, such as but not limited to, territory availability, your business acumen, your financial wherewithal, your ability to fund or obtain funding for your Studios, and your overall business and operational experience. If you enter into a Development Agreement, at the signing of your initial Franchise Agreement you will also sign the Development Agreement and pay us the Franchise Fee based on the number of Studios we grant you permission to open (“**Development Fee**”). Your Development Fee will depend on the number of Studios we grant you the right to open within the Development Area, and is calculated as set forth in the table below:

Number of Studios We Grant You the Right to Develop	Franchise and Development Fees	Cumulative Fee Due at Initial Franchise Agreement Signing
1	\$45,000	\$45,000
2	\$40,000	\$95,000
3+	\$35,000 each	\$120,000+

If we permit you to open more than three (3) Purvelo Businesses under a Development Agreement, your Development Fee will be equal to (i) \$120,000, plus (ii) \$35,000 for each additional Business that we grant you the right to develop. You will be required to enter into our then-current form of Franchise Agreement for each Purvelo Business that you wish to open under your Development Agreement. If you enter into a Development Agreement, you must execute our current form of Franchise Agreement for the initial Studio

we grant you the right to open within your Development Area, concurrently with the Development Agreement. The terms of our then-current Franchise Agreement may be materially different from your initial Franchise Agreement.

Discounts Offered

We offer a 10% discount program for honorably discharged U.S. military veterans and individuals working in rescue, emergency services and policing, , who purchase a new Business.

We may offer a discount if you already own and operate an existing franchise in a franchise system owned by us or one of our affiliates and you are in compliance with the terms of your Franchise Agreement. These discounts may not be combined.

Technology Setup Package

Upon signing the Franchise Agreement, you must pay to us \$5,000 in one-lump sum for your technology setup package which includes studio management technology, software, and additional technology platforms necessary to operate the Studio (collectively, the “**Technology Setup Package**”). The Technology Setup Package payment covers the typical costs of acquiring the software, technology licenses, other equipment, and network connections that we specify in the Manuals necessary to operate the Studio, along with certain tablet computers, displays, payment processing equipment, brackets and fixtures, and other related hardware and software. You must purchase these components from us and must execute any related software licenses required by designated vendors. The Technology Setup Package payment is deemed wholly earned upon payment and non-refundable under any circumstances. Except as provided in this Item, the amounts we charge for the Technology Setup Package are uniformly imposed.

Payment of Fees

The Franchise Fee, Development Fee, Opening Retail Inventory, and Technology Startup Package (collectively, the “**Initial Fees**”) are all deemed fully earned upon payment and are not refundable under any circumstances. Except as described above, the Initial Fees are uniform for all franchisees and must be paid according to the schedule upon execution of the Franchise Agreement or Development Agreement.

ITEM 6: OTHER FEES

Type of Fee¹	Amount	Due Date	Remarks
Royalty Fee	The greater of: (i) 6% of Gross Sales ² , or (ii) \$250 per week, minimum	Weekly on Tuesday, for the week preceding	You will be required to start paying your Royalty once your Franchised Business begins collecting revenue from operations. We reserve the right to collect your Royalty on any interval we determine appropriate upon notice (for example, weekly or monthly).
Marketing Fund Contribution (“ Fund ”)	2% of Gross Sales	Weekly on Tuesday, for the week preceding	Based on the previous week’s Gross Sales. We have established a brand development Fund for purposes of marketing, promoting and otherwise developing our brand, System, Approved Services and

Type of Fee ¹	Amount	Due Date	Remarks
			<p>Marks generally, as we determine appropriate in our discretion. We plan to begin collecting Fund contributions in 2025.</p> <p>Your obligation to contribute to the Fund will commence once you have started operating your Franchised Business</p>
Local Advertising Requirement	You must expend a minimum of \$2,000 per month (your “ Local Advertising Requirement ”) in connection with the promotion of your Franchise Business within your Designated Market Area and as we otherwise permit.	As agreed to with suppliers	<p>All advertising materials must be approved by us prior to use/publication. We may require you to (a) provide us with monthly reports detailing your local advertising expenditures, and (b) expend all or some portion of your Local Advertising Requirement on designated activities or materials that are provided by our designated or approved supplier for these kind of services (which we refer to as an “Approved Supplier” in Item 8).</p> <p>Please see Item 11 of this Disclosure Document for additional details on your Local Advertising Requirement.</p>
Technology Fee	Currently, \$235 per week	As agreed to with suppliers	<p>The Technology Fee currently includes fees related to your access to and usage of our reservation system, our intranet, our reservation and business management software, any mobile applications we develop, and the System Website (“Technology Fee”). The Technology Fee is currently collected by our Approved Supplier.</p> <p>We may add, delete, or otherwise modify the products and services that are included in the Technology Fee and we may modify this fee upon prior written notice to you. There is no cap on the amount the Technology Fee may be increased.</p>
Training Fee	Currently, \$500 per day per trainer.	Prior to training	We reserve the right to charge this fee in connection with (a) any additional training we provide to an Authorized Instructor of your

Type of Fee ¹	Amount	Due Date	Remarks
			<p>Studio, (b) re-training or replacement training with regards to the portions of the initial training that are designed for the franchise owner and/or Key Manager, (c) any training we require you to complete to cure a default under your Franchise Agreement with us (“Remedial Training”), (d) training you request we provide (other than the kind of day-to-day assistance described below), or (e) training we provide on-site at your Franchised Business.</p> <p>We will not charge any training fee in connection with minor, day-to-day assistance that we provide remotely over the phone or via email, subject to our availability. In addition to our then-current training fee, you will always be responsible for the costs and expenses that are incurred in connection with (a) you and your personnel attending training, and/or (b) our training personnel traveling and providing such training (if and as applicable).</p>
Late Fees and Insufficient Funds Fees	\$100 per late payment, plus 1.5% per month or the highest rate allowed by law, whichever is less; \$100/report/week.	Upon demand	Interest also applies to any amount due revealed by an audit.
Non-Compliance Fee	\$100 per day until you are back in compliance, in our sole discretion.	Upon demand	We may charge you for Non-Compliance with our System.
Alternative Supplier Approval	\$500 per day for personal engaged in evaluating a supplier.	At time of request.	Additionally, you must reimburse us for any travel, accommodation, and meal expenses.
Advertising Cooperative Fee	Up to greater of \$10,000 or 2% of Gross Sales per year.	Upon demand	Determined by members of Cooperative; if applicable, the Advertising Cooperative Fee is not in addition to other required marketing spend.
Insurance Reimbursement	Actual Costs	Upon demand	Payable if you fail to maintain required insurance coverage and we obtain coverage for you.
Relocation Fee	\$5,000	At time of relocation request	You will not be permitted to relocate your Studio without our

Type of Fee ¹	Amount	Due Date	Remarks
			<p>prior written approval, which may be withheld in our discretion.</p> <p>We reserve the right to assess a relocation fee of \$5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.</p>
Renewal Fee	\$10,000	Prior to expiration	You must renovate and reimage the Studio at your expense at the time of Renewal to conform to our then-current standards and image.
Transfer Fee	\$10,000	Deposit at the time of application for transfer; remainder at the time of Transfer	<p>If you transfer the Business to an entity you control entirely, you will pay us only our costs for the transfer.</p> <p>\$2,500 deposit due when you submit your application to Transfer.</p>
Annual Convention	Currently, \$400 per attendee (or \$600 for a double booking), and \$1,000 if you do not attend, but we may modify the fees on notice to you based on our then current allocated costs.	Upon demand	Attendance fee varies depending on convention location.
Mystery Shopper Program Other Quality Control Programs	Currently not assessed	Within 30 days of demand.	Payable only if we establish a mystery shopper program or other quality control mechanism or program, in which case we reserve the right to require a franchisee to contribute up to \$500/year to help defray the costs of such programs that are designed to preserve the goodwill and brand image.

Type of Fee ¹	Amount	Due Date	Remarks
Cost of Enforcement	All costs and expenses, including attorneys' fees	Upon demand	You must reimburse us for all costs and expenses incurred as a result of your default.
Indemnification	All damages and costs including attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Business.
Taxes	Amount required to reimburse us for certain taxes imposed on payments to us	Upon demand	If any payments to us are taxed (not income tax), the Royalty will be increased so that the net payment to us is the same as without the tax.

NOTES:

1. Except as otherwise noted in this Item, all fees are uniformly imposed, fully earned when paid and non-refundable. Except as otherwise noted in this Item, all fees are payable to, and imposed and collected by us. All costs and fees set forth in Item 6 are current as of the issuance date of this Disclosure Document. We reserve the right to modify the amount, manner of payment and/or timing for payment for all fees payable to us or our affiliates, except that we will not modify the amount of the Royalty Fee or the Fund contribution you pay to us during the initial term of your Franchise Agreement. The current amounts, manner of payment and timing for payment of all fees and costs will be described in our Brand Standards Manual from time to time.

2. Gross Sales. “**Gross Sales**” means the total of all monies and receipts you derive in connection with the Business. Gross Sales does not include (i) promotional allowances or rebates paid to Franchisee in connection with its purchase of products or supplies; (ii) sales, use, merchants’ or other taxes measured on the basis of the gross revenues of the Business imposed by governmental authorities directly on sales or use and collected from customers, if the taxes are added to the selling price of your goods and services and are in fact paid by you to the appropriate governmental authorities; or (iii) the value of any coupons duly issued and approved by you, or any bona fide discounts or customer refunds approved by us.

You must participate in our then-current electronic funds transfer and reporting program(s). All fees owed and any other amounts designated by us must be received or credited to our account by pre-authorized bank debit by 5:00 p.m. on or before the applicable due date. Your franchised business may be located in a jurisdiction whose taxing authority will subject us to tax assessments on payments you submit to us for the Royalty Fee and Fund contributions. Under such circumstances, you will be required to adjust, or “gross up” your payment to us to account for these taxes.

**ITEM 7:
ESTIMATED INITIAL INVESTMENT**

A. Your Estimated Initial Investment for a Single Unit

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low Estimate	High Estimate			
Franchise Fee ¹	\$45,000	\$45,000	Wire	Upon Signing Franchise Agreement	Us
Pre-Opening Retail Inventory Package ²	\$6,000	\$6,000	As Arranged	Before Opening	Approved Suppliers
Technology Setup Package ³	\$5,000	\$5,000	As Arranged	Upon Signing Franchise Agreement	Us
Training Expenses ⁴	\$2,000	\$4,000	As Arranged	Before Opening	Third Parties
Real Estate and/or Leasehold Improvements ⁵	\$150,000	\$250,000	As Arranged	Before Opening	Third Parties or Landlord
Fitness Equipment and Studio Furnishings ⁶	\$70,000	\$97,000	As Arranged	Before Opening	Third Parties, Approved Suppliers
Office Computer System and Supplies ⁷	\$500	\$3,000	As Arranged	Before Opening	Third Parties, Approved Suppliers
Insurance ⁸	\$2,000	\$5,000	As Arranged	Before Opening	Third Parties
Signage ⁹	\$10,000	\$18,000	As Arranged	Before Opening	Third Parties, Approved Suppliers
Grand Opening Marketing Spend ¹⁰	\$20,000	\$20,000	As Arranged	Before Opening	Third Parties
Technology Fee ¹¹	\$2,820	\$2,820	As Arranged	Monthly	Third Parties
Licenses/Bonds ¹²	\$100	\$1,500	As Arranged	Before Opening	Licensing Authorities
Professional Fees ¹³	\$2,500	\$5,000	As Arranged	As Necessary	Third Parties
Additional Funds (3 months) ¹⁴	\$40,000	\$50,000	As Arranged	As Necessary	You Determine
TOTAL ¹⁵	\$355,920	\$512,320			

NOTES:

1. Franchise Fee. The Franchise Fee for a single unit, \$45,000, is described in greater detail in Item 5 of this Disclosure Document. All payments are fully earned non-refundable unless specifically noted otherwise.

2. Pre-Opening Retail Inventory Package. There is a one-time merchandise package purchase payable to an Approved Supplier before you open your Business.
3. Technology Setup Package. There is a one-time payment to order and set up your initial technology package for your Studio. This amount is payable to us or an Approved Supplier before you open your Business. Item 5 describes the package in greater detail.
4. Training. You are not charged an additional fee for initial training, but you must pay for transportation, meals, lodging, and other incidentals while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodation you choose. This estimate does not include a salary for you or your employees during training.
5. Real Estate and/or Leasehold Improvements. We expect that you will operate the Business from a retail location, which will usually require a full buildout. The amount reflects the amount of lease payments for the first three months that you operate the Business. Lease payments vary considerably depending upon regional and local factors and the type of lease negotiated by you. Lease payments for a typical studio lease usually range from \$4,000 to \$10,000 per month depending upon the size, location, and market demand for the property. This estimate is based upon the assumption you acquire a retail location that is approximately 1,800- 2,200 square feet and is not located in a busy metropolitan area. The rate may be higher for a metropolitan area. Landlords typically require that one month's rent be paid prior to taking possession and may require an amount equal to one month's rent as a security deposit. The high estimate contained in the table above assumes that one month's rent and a security deposit are required to be paid before opening.

The estimate includes the net cost of leasehold improvements, including floor coverings, wall treatments, ceilings, painting, electrical, carpentry, plumbing, HVAC, and similar work, as well as materials and the cost of labor.

If you are able to negotiate a tenant improvement allowance from your landlord, the landlord typically may require you to provide proof that you have paid for the leasehold improvements before reimbursing you the money. As a result, your actual out-of-pocket costs, and the cost of any construction financing that you may need to obtain may be significantly higher than the net leasehold improvement costs presented in this table.

Your actual costs will depend on, among other factors, the Studio location, the size of the Studio, the condition of the premises being remodeled, national and local economic factors, the local costs of materials and labor, and the amount of tenant improvement allowances that you are able to obtain, if any. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C., costs could be significantly higher than the estimates provided here due to local market rates for materials and labor.

6. Fitness Equipment. This estimate contemplates the costs to acquire the required exercise bikes and certain ancillary equipment, furnishings, studio sound and lighting systems, and other studio equipment that you need to open and commence operations of your Studio from an Approved Supplier we designate. As such, the low end above is designated to capture and account for the typical deposit and lease payments you will make to a supplier we approve for to lease this equipment. The high end of this estimate contemplates you choose to purchase all the required exercise bikes and ancillary equipment from our designated supplier of such equipment.
7. Office Computer System and Supplies. The low end of this estimate assumes you have a telephone, computer, and printer capable of operating the required software. The high end is our estimate if you need to purchase one of each to meet our specifications. You must also buy general office supplies including stationery, and business cards. Factors that may affect your cost of furnishings include local market conditions, the size of the premises, suppliers' rates, and other factors.

8. Insurance. To satisfy our current insurance requirements, you must obtain certain insurance policies and minimum coverage amounts described in Item 8. You may have to purchase additional coverage, either in dollar limits or types, if required by your state's laws. Factors that may affect your cost of insurance include the value and age of your equipment, number of employees, your safety record and record of workers' compensation claims, record of liability claims and driving record.

9. Signage. This range includes the cost of all signage used in the Business. The signage requirements and costs will vary based upon the size and location of the Business, local zoning requirements and local wage rates for installation, among other things.

10. Grand Opening Marketing Spend. The estimate above reflects the minimum amount we require you to spend on grand opening activities, including a soft opening, before officially opening for Business. You may choose to spend more. Factors that may affect the actual amount you spend include the type of media used, local media cost, location of the Business, customer demographics in the surrounding area and local competition.

11. Technology Fee. This figure represents three months' payment of the Technology Fee. Item 6 provides greater detail. The current weekly Technology Fee is \$235 per week.

12. Licenses/Bonds. Local government agencies typically charge fees for construction permits, occupancy permits, and operating licenses, among other things. Your actual costs may vary based on the requirements of local government agencies.

13. Professional Fees. We recommend that you have a minimum amount of money available to cover any legal or accounting fees that you may incur in establishing the Business. Your actual costs may vary based on the complexity of services needed.

14. Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses, including employees' salaries, for the first three months that the Business is open and the portion of the Grand Opening Advertising to be spent after opening. This estimate does not include a salary for you or the Key Manager. Additional working capital may be required if your initial Business sales are low, or your initial operating costs are high.

15. Total. In compiling this chart, we relied on our experience and the experience of operations staff operating franchise systems of businesses similar to the one offered in this Disclosure Document. The amounts shown are estimates and may vary for many reasons including the location of your Studio, whether you lease or buy your equipment, the capabilities of your management team, the market where your Business is located and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. Neither we nor any of our affiliates offer financing for your initial investment.

All payments made to us that are outlined above are not refundable. The refundability of other payments will depend on the arrangements you make with third parties.

B. Development Agreement (3-Pack)

Type Of Expenditure ¹	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Development Fee ²	\$120,000	Lump sum, in cash, certified check, or bank wire	At signing of the Development Agreement.	Us
Initial Investment to Open Initial Franchised Business ³	\$310,920 to \$467,320			
TOTAL ESTIMATED INITIAL INVESTMENT	\$430,920 to \$587,320			

NOTES:

- General. All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first three months of operating the initial Franchised Business you are granted under your Development Agreement only.
- Development Fee. The Development Fee is non-refundable. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Development Fee is for the right to open and operate a total of three Franchised Businesses (provided you comply with your development obligations under the Development Agreement).
- Initial Investment for Initial Franchised Studio. This figure represents the total estimated initial investment required to open and commence operating the first Franchised Business you agreed to develop under your Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Franchised Business you open under your Development Agreement, most likely once you have found a Premises for the business that we approve. The range includes all the items outlined in Chart 7.A. of this Item, except for the \$45,000 Initial Franchise Fee (because you are not required to pay an Initial Franchise Fee for those Franchised Businesses you open under the Development Agreement). It does not include any of the costs you will incur in opening any additional Franchised Business(es) that you are granted the right to open and operate under your Development Agreement.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Authorized Products and Services. We have the right to require that furniture, fixtures, signs, and equipment (the “**Operating Assets**”) and products, supplies, and services that you purchase for resale or purchase or lease for use in your Studio: (i) meet specifications that we establish periodically; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates).

You may offer to customers only the products, services, and classes we approve in writing. In addition, you must offer the specific products, services, and classes that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products or services that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System standards. You must maintain a sufficient supply of required products to meet the inventory

standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

Currently, we require you to purchase the System Hardware, Software, and Technology Setup Package from us. This Package includes website set-up, design, keyword optimization, business management software set-up, business management software, and online reputation management. We are currently the only Approved Supplier for the services described above, including the point-of-sale (“POS”) system. You must obtain and use business management software and initial digital marketing set-up from third-party vendors and suppliers we specify and arrange for on your behalf and for which you must pay us.

Also, your instructors must complete the training program we require to become Authorized Instructors. You must purchase or obtain your training materials from us or our affiliates.

When you develop your Studio, you must retain an architect to generate the design and construction plans for your Studio. We may, in our discretion, designate an architect that you must use. We may require you to engage at your own expense a real estate project manager (the “**Real Estate Project Manager**”) that we designate to manage and lead real estate brokerage services, site selection counseling, and other assistance that the Real Estate Project Manager considers necessary and appropriate.

Approval Process. If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier’s facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Proposed suppliers may be required to come to our offices in Chicago, Illinois or New York, New York in order for us to make an evaluation. You must pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. If we specify criteria for our approval of such goods, services, or vendors, we will publish them in the Manuals. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation (within 60 days). If you do not receive our approval within 60 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Studio may differ from those that we permit or require to be offered in other studios.

We reserve the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

Proportion of Purchases Subject to Specifications. We estimate that the proportion of your required purchases and leases from approved suppliers to all purchases and leases in establishing the Business is 80% to 90%. We estimate that the proportion of your required purchases and leases from approved suppliers to all purchases and leases in operating the Business is 35% to 70%. These amounts are subject to change.

We reserve the right to designate us or any of our affiliates as an Approved Supplier with respect to any other item you must purchase in connection with your Franchised Business in the future.

Other than where we or our affiliates are approved supplier, we do not own an interest.

Required Purchases from Us or our Affiliates. Currently, we are not a supplier of any products and services. We reserve the right to make ourselves an approved supplier of products and services. In the event that we do make ourselves approved suppliers, we may make ourselves the only approved supplier.

Required Purchases from Designated or Approved Third Parties

Studio Furnishings. You must purchase the list of Studio furnishings we require from an Approved Supplier. The list of required furnishings will be provided with specificity in our Manual. Generally, the furnishings include Studio sound and lighting systems, and other Studio equipment, as well as general office supplies including stationery, and business cards.

Retail Inventory. You must purchase your initial and ongoing retail inventory from the supplier we designate. We will provide you with the supplier's name and specifications in our Manual.

Fitness Equipment. You must purchase your fitness equipment from the supplier we designate. We will provide you with the supplier's name and information in our Manual.

Site Selection Services. We may require you to use our Approved Supplier for the site selection services designed to assist you in locating and securing you Approved Location, and we may provide you with some recommendations for the legal services associated with the negotiation of your lease for the Approved Location (but you will be permitted to engage any counsel we approve).

Signage. We may require you to use our Approved Supplier for an interior and exterior signage package, as well as certain other interior graphics.

Insurance. You must obtain and maintain at all times the types of insurance and the minimum policy limits specified in the Manuals using insurance carriers that are rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). The insurance policy or policies must include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified by us periodically), in accordance with our written standards and specifications, the following:

General Liability	\$1,000,000 each occurrence \$3,000,000 annual aggregate \$1,000,000 products-completed operations \$1,000,000 personal and advertising injury \$ 250,000 damage to premises rented to you
Professional Liability	\$1,000,000 each occurrence \$3,000,000 annual aggregate
Umbrella	\$5,000,000 aggregate
Hired and Non-Owned Auto	\$1,000,000 combined single limit
Workers' Compensation	\$1,000,000 each accident \$1,000,000 each disease – policy limit \$1,000,000 each disease – each employee
Property	Full replacement cost on all business personal property

Purchasing Cooperatives

There are currently no purchasing or distribution cooperatives.

Purchasing Arrangements

We have negotiated distribution and supply arrangements, commissions, and group rates for purchases of certain inventory and supplies necessary for the operation of the Business. The terms of these arrangements may vary but may include preferential pricing or purchasing terms for franchisees, contributions to the Marketing Fund, franchisee training and educational programs provided by the vendor, rebates paid to us and/or payments to us to support our annual convention or other franchisee meetings. Rebates and other financial considerations from vendors may be flat payments or based on the aggregate amount of franchisee purchases. Currently, we receive rebates ranging from 5% - 10% from our Approved Suppliers of fitness equipment, retail inventory, and signage.

Revenue From Franchisee Purchases

During the 2023 fiscal year, we did not derive any revenue from franchisee purchases. We and our affiliates may derive revenues or other material consideration as a result of required purchases or leases by franchisees. We may use any payments, discounts, or other amounts received from suppliers, lessors, or other parties in connection with those arrangements without restriction. We are not required to give you any accounting of those payments, discounts or other amounts or share the benefit of them with you. Any such amounts may be kept by us as compensation for locating and negotiating with suppliers for the System. We do not provide material benefits to franchisees based on their use of designated or approved suppliers.

Our Interests

Except as provided above in this Item: (i) neither we nor any of our affiliates are an Approved Supplier for any items you are required to purchase in connection with your Franchised Business; and (ii) none of our officers own an interest in any of our Approved Suppliers other than us.

ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site Selection and Acquisition/Lease	FA Section 1.2	Items 11 & 12
b. Pre-Opening Purchases/Leases	FA Section 9.16	Items 7 & 8
c. Site Development and Other Pre-Opening Requirements	FA Sections 9 and 13	Items 6, 7, 11 & 16
d. Initial and Ongoing Training	FA Sections 13.1 through 13.4	Items 6, 7 & 11
e. Opening	FA Sections 1, 2.1 and 11.1	Item 7 & 11
f. Fees	FA Sections 4 and 5	Items 5, 6 & 7
g. Compliance with Standards and Policies/Operating Manual	FA Sections 6, 7, 8, 9, 10, 11, 14, 18.3 and 21	Items 8, 13, 15 & 16

Obligation	Section in Agreement	Disclosure Document Item
h. Trademark and Proprietary Information	FA Sections 7, 8, 14 and 18.3; Internet Web Sites and Listings Agreement; Telephone Listing Agreement	Items 11, 13 & 14
i. Restrictions on Products/Services Offered	FA Section 9	Items 8 & 16
j. Warranty and Customer Service Requirements	FA Sections 9.9 and 9.17	Item 16
k. Territorial Development and Sales Quotas	FA Sections 1 and 2	Item 12
l. Ongoing Product/Service Purchases	FA Sections 6.1, 9 and 10.1	Items 8 & 11
m. Maintenance, Appearance and Remodeling Requirements	FA Section 9	Item 6
n. Insurance	FA Section 16.2	Items 6, 7 & 8
o. Advertising	FA Section 11	Items 6, 7 & 11
p. Indemnification	FA Section 16.1	Item 6
q. Owner's Participation Management/Staffing	FA Sections 9.14, 13, 18.4 and 21	Item 15
r. Records and Reports	FA Sections 6.1 through 6.3	Item 11
s. Inspections and Audits	FA Section 6.4	Item 6, 11 & 13
t. Transfer	FA Section 17	Item 17
u. Renewal	FA Section 3.2	Item 17
v. Post-Termination Obligations	FA Section 20; Internet Web Sites and Listings Agreement; Telephone Listing Agreement	Item 17
w. Non-competition Covenants	FA Section 18	Item 17
x. Dispute Resolution	FA Section 27	Item 17

**ITEM 10:
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

**ITEM 11:
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Business, we will:

1. If the Approved Location for your Studio has not been identified at the time the Franchise Agreement is signed, we will work with you to designate a geographical area within which you must secure an Approved Location for your Studio. (Franchise Agreement (“FA”), Sections 1.3 & 1.4). We will also comply with our obligations with respect to site selection assistance and site approval as set forth more fully below in Item 12.

2. We will provide you or, if you are an entity, those of your principals whom we designate as the principal franchisee-operator(s) (“**Designated Operator**”), as well as the person you appoint to manage your Studio (“**Key Manager**”) (if appointed) with the respective initial training that such individuals are required to attend and complete prior to opening your Franchised Business. We will typically commence providing the instruction associated with the Initial Training Program to you and your designated trainees within 60 days of your projected date for opening your Business for operations, but that timing will be subject to the availability and schedules of our training personnel. We will provide this Initial Training Program at our corporate headquarters or other training facility we designate, and this initial training (as well as other training provided by us in connection with your Studio) is described more fully below in this Item under the heading “Training.” We will also provide Instructor Training to the initial instructors that wish to become Authorized Instructors and provide the Approved Services at your Studio prior to the opening of your Studio, provided you or the instructors pay our then-current Training Fee. Other than the training obligations set forth in Item 11, you will be responsible for hiring and training all other Studio employees. After your Studio is open and operating, we will, in addition to providing Instructor Training, approve additional Authorized Instructors via a standardized process of video review, provided you or the instructor pay the applicable and then-current fee in connection with that service. (FA Section 13.1);

3. We may designate an architect that you must use at your own expense. We will make available to the architect a set of prototype plans and specifications (not for construction) for the Studio and for the exterior and interior design and layout. The architect will adapt for the Site our standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, and equipment for the Studio. We will review the architectural drawings and specifications for the construction of the Studio showing all leasehold improvements, interior designs, and elevations developed by the architect (collectively “Plans”), which we must approve prior to their sub-mission for permitting. (FA Section 1.5);

4. You must provide us with written notice identifying your general contractor, and you must ensure that the contractor is duly licensed in your jurisdiction and adequately insured. You may not begin construction until we have given you written approval of the Plans and we have approved in writing your choice of general contractor. We may require you to use only general contractors that we have pre-approved, provided that one is available in your Site Selection Area. (FA Section 9.20);

3. Provide to you, on loan, one copy of the Brand Standards Manual (FA Section 7).

4. Provide you with a list of Approved Suppliers and specifications for equipment, signs, fixtures, opening inventory, and supplies which you will need to obtain. (FA Section 9.10);
5. Assist you with setting up certain mandatory software systems, websites and other technology used in the operation of the business and provide you with an email account. (FA Sections 4.6 and 10.1);
6. Suggest pricing policies. You will set the minimum prices you charge for the products and services you offer. We may establish maximum prices for sales promotions, to the extent permitted by law. (FA Section 9.2);
7. We will consult and advise you on the advertising, marketing and promotion associated with your pre-opening sales plan and approved Opening Support Program, as we and/or our Approved Supplier determine appropriate. (FA, Section 9.1).
8. If you enter a Development Agreement, we will designate your Development Area. (Development Agreement, FA Sections 1.3 & 1.4 and Exhibit F).

Time to Open

We estimate that the typical length of time between signing a Franchise Agreement and opening your Studio is approximately 240 days. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a site that we approve; to obtain any financing you need; to obtain required permits and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the Studio, including the installation of fixtures, equipment, and signs; to complete Initial Training Program; and to complete the hiring and training of personnel. Inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors may cause delays in construction. You must open the Studio no later than 365 days after the effective date of the Franchise Agreement, within 180 days after we accept the site, and within 10 days after we approve your Studio opening. (FA Section 1.5).

We will approve your Studio opening, provided (i) we have viewed the certificate of occupancy, (ii) confirmed that you have complied with the Plans, and (iii) confirmed that you have complied with the pre-opening obligations set forth in the Franchise Agreement and have done so in accordance with our System standards as set forth in the Manuals. (FA Section 1.5).

Site Selection

We will review each site that the Real Estate Project Manager, broker or you identify and determine whether to accept it using our proprietary site selection assistance criteria, which may include evaluations of the proposed site by third-party site selection assistance software. You are responsible for the on-site evaluation of the proposed sites. If we determine that it is necessary for us to provide on-site evaluation assistance, we will charge you a site selection fee (currently, \$500 per each of our employees or agents for each full or partial day, plus travel and living expenses). (FA Section 1.4). We are not required to complete our review within a certain period of time. In addition to certain demographic characteristics, we also consider the following factors in accepting a Studio location: traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the

proposed site's size, appearance, and other physical characteristics. Our standard franchise offering assumes a Studio size of approximately 1,800-2,200 square feet.

While we will provide assistance and guidance, it is solely your responsibility to select a suitable site for the Studio.

You must secure a site that we have accepted by signing a site lease or purchase agreement within 120 days after the effective date of your Franchise Agreement (the "Site Acquisition Deadline"). We may extend this Site Acquisition Deadline in our sole discretion, and we may require you to execute a general release as a condition of us agreeing to grant such extension. If you do not secure a site for your Studio that we accept by the Site Acquisition Deadline, we may terminate the Franchise Agreement. (FA Section 1.4).

Under the Development Agreement, you must locate the Studios only at sites that we have accepted in accordance with the terms of the applicable Franchise Agreement. We will use our then-current standards for accepting sites and designating Development Areas. (DA Section 4.1).

Approval of Lease

Before you make a binding commitment to purchase, lease, or sublease a site, we must approve in writing the proposed lease or purchase agreement or any letter of intent between you and the third-party seller or lessor. If you lease the site, unless we waive the requirement in writing, you must arrange for the execution of the Lease Addendum in the form that is attached as an exhibit to the Franchise Agreement. We may require you to engage an attorney to review your lease or purchase agreement for the Site that we have accepted and to supply us with reasonable documentation in connection with such review, including a lease abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor. We will not provide you with any legal advice with respect to your lease or purchase of the site. Our review of the lease is for our benefit and is not intended to supplement or replace any review by a real estate attorney engaged on your behalf. You are strongly encouraged to engage competent legal counsel to assist in the review and negotiation of your site lease. (FA Section 9.19).

During the Operation of the Business

After the opening of the Business, we will:

1. upon your request and if approved by us, provide you with additional opening assistance with sales, promotional and operations matters regarding the Business. This assistance will be provided on days and times as mutually agreed upon by you and us. (FA Sections 12 and 13);
2. periodically advise and offer general guidance to you by telephone, e-mail, facsimile, newsletters, and other methods. Our advice and guidance may consist of knowledge and experience relating to the authorized services or products, as well as operational methods, accounting procedures, and marketing and sales strategies. (FA Section 12);
3. at our discretion, make periodic visits to the Business for the purposes of consultation, assistance and guidance in various aspects of the operation and management of the Business (FA Section 12) and make available to you operations assistance and ongoing training as we deem necessary (FA Sections 12 and 13.4);
4. provide you with changes and additions to the System, the Brand Standards Manual, the approved or designated suppliers, and the approved products and services, as generally made available to all franchisees. (FA Sections 7, 8, 9.10 and 9.13);

5. approve forms of advertising materials you will use for Local Advertising, Grand Opening Advertising and Cooperative Advertising. (FA Section 11.5);
6. specify or approve certain equipment and suppliers to be used in the franchised business (Franchise Agreement, Section 8.1);
7. obtain and maintain appropriate insurance coverage on your behalf, if you do not. We will pass the cost onto you. (FA, Section 16.2);
8. suggest pricing policies. We may set the minimum prices you charge for the products and services you offer, depending on the unique market circumstances on your Studio. We may establish maximum prices for sales promotions, to the extent permitted by law. (FA Section 9.2);
9. at our discretion, institute various programs for auditing customer satisfaction and/or other quality control measures (FA Section 9.21); and
10. maintain and administer the Marketing Fund as described more fully under the “Advertising and Marketing” heading below (FA, Section 11.1).

Advertising and Promotion

Local Advertising Requirement

You are responsible for local marketing activities to attract members to your Studio. Prior to use or publication, we require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, or elsewhere for advanced written approval. You must first obtain our advanced written approval before employing any form of co-branding, or advertising with other brands, products, or services. (FA Section 11.4).

In addition to contributions to the Marketing Fund, you must spend at least \$2,000 per month on local advertising in the Designated Market Area (either by way of direct promotion or participation in an Advertising Cooperative). You must provide us with evidence each month that you have spent the required amount on local advertising. We may require that your minimum local advertising expenditure be allocated to advertising of certain types, using specific vendors, in particular channels or as a component of a broader campaign.

We may also require that any local marketing or advertising include reference (in a form we determine) to one or more franchise systems which may be owned by us or our affiliates; provided that a substantial focus of those materials, programs or activities includes the promotion of the Business.

Your advertising must be in such media, and of such type, format, and other particulars as we approve, must be conducted in a dignified manner, and must conform to our standards and requirements. Any and all advertising and marketing materials (whether developed in connection with an Advertising Cooperative or otherwise) not prepared or previously approved by us must be submitted to us at least 14 days prior to any publication or run date for approval, which we may withhold for any or no reason. We will provide you with written notification of approval or disapproval within a reasonable time. If we do not notify you of approval or disapproval within 10 days of our receipt of the materials, the materials will be approved. You must discontinue the use of any approved advertising within five days of your receipt of our request to do so. You may not conduct advertising or promotion on or through the Internet/world wide web or other electronic transmission via computer without our express prior written approval. All of your advertising and promotion must be factually accurate and shall not detrimentally affect the Marks or the System, as we

determine. You must use the telephone number provided by us in connection with all marketing initiatives. We are not required to conduct local advertising for you.

You must strictly follow our social media guidelines, code of conduct, and etiquette as set forth in the Brand Standards and/or Operations Manuals regarding social media activities. Any use of social media by you pertaining to the Studio must be consistent with our System standards and not linked to controversial, unethical, immoral, illegal, or inappropriate content in our sole discretion. You will promptly modify or remove any online communication pertaining to your Studio that does not comply with the Franchise Agreement or the Manuals. (FA Section 11.4).

Grand Opening Marketing

In addition to the Local Advertising Requirement, you are required to spend at least \$20,000 on certain sales and promotional activities that we designate or approve as part of your Grand Opening that we typically require you to conduct in at least the two months prior to the “soft opening” of your Studio through the launch and opening of your Studio (usually eight weeks after your soft opening). You may be required to expend all or some portion of these funds on products/services received from an Approved Supplier we designated or approve, and all materials used in connection with your Grand Opening Marketing program must be approved by us if not previously designated for use by us.

Marketing Fund

We have a Marketing Fund to which you must contribute up to 2% (as we determine) of your Gross Sales to the fund. (FA Sections 4.3 and 11.1).

We may use Marketing Fund contributions, at our discretion, to meet any and all costs of maintaining, administering, directing, conducting, developing and preparing advertising, marketing, public relations and other promotional programs and materials, and any other activities which we believe will enhance the system, including the costs of preparing and developing print, radio and television advertising; Internet advertising; direct mail advertising; marketing surveys; employing advertising or public relations agencies; purchasing promotional items; and providing promotional and other marketing materials and services to businesses operating under the System. The coverage of the materials and programs may be local, regional, or national. We may use the Marketing Fund to reimburse us or our affiliates for the internal expenses of operating an advertising department and administering the advertising program.

We will direct all Marketing Fund programs, with sole discretion over the concepts, materials and media used in the programs and the placement and allocation of them. The Marketing Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Purvelo Businesses in the United States and Canada and the System. We are not obligated to make expenditures for you, on your behalf or in your Designated Market Area which are equivalent or proportional to your contributions or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

All monies paid into the Marketing Fund will be accounted for separately from our general operating revenues. We anticipate that all contributions to the Marketing Fund will be expended during the Marketing Fund’s fiscal year in which they are received. The Marketing Fund is not a trust, and we assume no fiduciary duty in administering the Marketing Fund. Marketing Fund surpluses, if any, may be expended in the following fiscal year(s). We may advance money to the Marketing Fund from time to time. In this event, we may be reimbursed by the Marketing Fund for the monies advanced, including a reasonable interest rate. The Marketing Fund will not be audited, but at your written request you may receive an annual report of expenditures and advertising contributions for the fiscal year most recently ended, which shall be held in strict confidence.

During the 2023 fiscal year we did not collect any amounts for the Marketing Fund.

All Purvelo Corporate-Owned Outlets will make similar contributions to the Marketing Fund as required of you. No portion of the Marketing Fund is used to solicit new franchise sales.

Advertising Council

We reserve the right to form an advertising council consisting of Purvelo Businesses (the “**Advertising Council**”) in which you may be required to participate and provide advice and counsel regarding our use of the Marketing Fund. If formed, we will select members of the Advertising Council based on a variety of objective and subjective factors, including volume of business, collaborative disposition, availability, and personal interest, among others. The Advertising Council will function in an advisory capacity only and will not exercise authority over the Marketing Fund or over us. We have not established any governing documents for the Advertising Council. We reserve the right to change or dissolve the Advertising Council. You may be required to pay your own expenses associated with participating in Advertising Council activities and pay dues assessed for the administration of the Advertising Council. We will pay our proportionate share of Advertising Council dues based on the number of Purvelo Businesses we or our affiliates operate. From time to time, we may also seek input or feedback from the Advertising Council on System operational issues or other matters beyond advertising.

Cooperative Advertising

Although we are not obligated to do so, we may create a Cooperative Advertising program for the benefit of all Purvelo businesses located within a particular region. We have the right to (a) allocate any portion of the Marketing Fund to a Cooperative Advertising program, and (b) collect and designate all or a portion of the Local Advertising for a Cooperative Advertising program. We will determine the geographic territory and market areas for each Cooperative Advertising program and notify each franchisee of their obligations to participate, in writing. We expect that any Advertising Cooperatives will include all units operating in a single advertising market. We may require cooperatives to be changed, dissolved, or merged. We have not established any requirements relating to the form, content, or availability of the financial statements, if any, for a Cooperative Advertising program, but we anticipate that any financial statements prepared by a Cooperative Advertising program will be available to each franchisee who is a member and to us. You must participate in any Cooperative Advertising program established in your region, and we may establish an Advertising Council for you and the other franchisees in that region to self-administer the program. Franchisee’s payments to any Advertising Cooperative shall be determined by Franchisee and those other franchisees of the Purvelo System and/or Franchisor, as the case may be, who are participants in such Advertising Cooperative, as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of such Advertising Cooperative. Franchisee, however, may not be required to spend more than the greater of \$10,000 or 2% of Gross Sales per annum in connection with any Advertising Cooperative (FA Section 11.3). Any Franchisor-owned outlet that participates in an Advertising Cooperative will contribute on the same basis as other participants.

Computer/Point-of Sale System

Hardware

You must purchase and use a phone, a laptop or desktop, and a printer designated and approved by us (FA Section 10). If we elect to modify our computer hardware or software requirements, you must upgrade your equipment at the actual cost of the upgrade. There are no contractual limits on the frequency or cost of upgrades. You may use hardware and software that you currently own in the operation of your Purvelo business so long as it meets our standards and specifications. If you purchase new hardware and software,

your costs will be approximately \$500 to \$3,000. You are not required to incur any annual costs for optional or required maintenance, updating, upgrading or support contracts for the computer systems.

Business Management Software

For the management of your Studio, you must use the business management software we require through our Approved Supplier(s). Other than this business management software, there are no additional maintenance costs. As noted in Item 5, the initial cost for us to set up your customized software platforms is \$5,000. Currently, the ongoing cost for this software is one component of the Technology Fee, currently \$235/week, which we can modify by providing notice to Franchisee.

Internet

You must have a high-speed Internet connection (through DSL or cable modem) to your computer system and maintain and use the e-mail address and account (or accounts) we provide to you, to which you will have access and through which we may contact you (FA Section 10). It is your obligation to regularly access and respond to messages directed thereto. We own your email account and have the right to independently access it at any time without first notifying you. You must cooperate with us to enable our access to your computer system to enable us to have independent access to obtain this data (for example, by providing your password) (FA Section 10).

Websites

You must use our approved website provider for advertising your business on the internet. We will provide the URL for your website.

Our Access to Your Data

Any System computer hardware and software programs and databases (including, but not limited to, email accounts and platforms) that we require to be used in your Franchised Business or that we permit you to use in your Franchised Business, must provide us continuous and independent remote access, at your expense, to all of the information stored in or compiled by such computer hardware and software programs and databases. Currently, this includes bookkeeping, customer service, scheduling, and marketing data, but we may expand our collection of data to include any other data which we believe will enable us to manage the System more effectively and efficiently or promote System services. We will not disclose to any third party any specific financial or other information directly associated with you or the Business unless authorized by you. We may use your financial and operational data to create a financial performance representation, and we may disclose information to our employees, attorneys, accountants, consultants, agents and others retained or employed by us who have a need to know the information in order to facilitate the administration of the relationship between you and us, or to comply with applicable law, court orders or accounting rules. During the term of the Franchise Agreement, we will have independent access to, and we may collect and disclose to other franchisees operating in the System data relating to your operation of the Business for the purpose of benchmarking or performance recognition, or for preparing financial performance representations for prospective franchisees. After termination of the Franchise Agreement, we may release such information to other franchisees and prospective franchisees.

Upgrades, Updates, and Maintenance

Currently, each of the required software programs used in the operation of the business are provided on a software-as-a-service basis, so you are not required to spend any additional money annually on upgrades, updates, or maintenance of those systems. We do not generally require that you spend any money annually on upgrades, updates, or maintenance to your computer hardware systems. You are responsible for ensuring

that your hardware performs adequately and maintains compatibility with the required software programs, which may require you to service or upgrade your hardware.

Manuals

We will loan you our Brand Standards Manual (also, “**Manual**”), which includes (among other things) employment applications, interview questions, job descriptions, and suggested pay scales. Our current Brand Standards Manual, which is still being developed, is 125 pages long in hard copy format and includes links to video content and a dynamic amount of print copy that changes as necessary to support franchisees. The Table of Contents of our Brand Standards Manual is attached to this Disclosure Document (FA Section 7). Note that our System does not include any personnel policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Brand Standards Manual or otherwise for your optional use. You will determine to what extent, if any, these policies, and procedures might apply to your operations of your Business. We neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of your Business employees or customers;

Training

You (or your principal owner, if you are an entity) and your Manager must attend and successfully complete (to our satisfaction) an initial training program before the Business may open. You must complete the initial training program no later than six months after the Effective Date of the Franchise Agreement. We do not charge a fee for participation in the initial training program; but you are responsible for the costs and expenses (such as transportation, lodging, meals, incidentals, and compensation) of each person who attends the training. The Business must be operated at all times by a person who has successfully completed the initial training program (to our satisfaction). We reserve the right to waive all or a portion of the initial training program in our sole discretion. You may, provided space is available and upon reasonable notice, have additional representatives attend the initial training program. All travel, living, and related expenses incurred by your representatives during training will be at your cost and expense. You must train your own employees and other management personnel.

The initial training program is overseen by Amanda Mielke, whose information is listed in Item 2 of this Disclosure Document, or a corporate designee who has been trained by Amanda Mielke. Any other instructors will, at least, have completed the training program they will teach. Our confidential Brand Standards Manual is used as the instructional material for our Initial Training program. After you have been trained, we may periodically require that you, your manager(s) and/or employees attend refresher-training programs concerning operation of the Business, and if you attend you must pay all your own expenses. The initial training program includes a week-long (approximately 40 hours) specialist-directed on-boarding program (at our headquarters in Charlottesville, Virginia; 18 hours of on-line training and 26 hours of on-location cycle instructor studio training, led by a master Purvelo instructor). The schedule for our initial training program is provided below. The full training program spans a period of two and a half weeks, and a new training program begins approximately every fifth week.

The on-boarding program is guided by an on-boarding specialist, who will help you understand and complete much of the administrative work necessary to enable you to apply the information covered in the virtual and live training programs to the opening of your business. Finally, we provide a week-long in-person training program at our corporate offices in Charlottesville, Virginia, after which you should be ready to start operating your Business. We reserve the right to modify the in-person aspects of our initial training and on-boarding programs.

Currently, we do not have planned or scheduled required training programs in addition to the initial training program. We may periodically require you to attend training programs in addition to the initial training which address new developments in the market or changes to the System. For example, if we adopt and

implement a new software program or platform, we may require you to obtain one or more training sessions relating to it. Required additional training, if any, may be conducted online, at our headquarters in Charlottesville, Virginia or at your location, as we deem appropriate. Any additional required training must be completed by you and/or your general manager (if the person managing the day-to-day operations of the Business is not you) to our satisfaction. You must bear any costs you incur (including any travel and living expenses) in connection with any additional training and we may require that you pay us a fee (as described in Item 6). The instructional materials for any additional training programs may include the Brand Standards Manual or third-party technical manuals.

We expect to conduct the initial training after you have completed pre-opening activities such as securing your lease, building out the Studio, completing advanced reading requirements and procuring all equipment needed to open. A pre-opening checklist contained in the Operations Manual, provided after you sign the Franchise Agreement, will help you complete critical steps and prepare for initial training. We typically schedule training four (4) to six (6) times a year, approximately every eight (8) to twelve (12) weeks. Ideally, you will attend training within 3 to 5 weeks of soft opening.

TRAINING PROGRAM

Subject	Virtual	Hours Classroom Training	In-Studio
Introduction: Welcome, Our Brand Culture, History, Mission, and Vision	1	1	0
Purvelo Class	0	1	0
Real Estate & Construction	2	0	0
Studio & Equipment	1	0	1
Studio POS Software	3	0	1
Personnel (HR): Hiring & Staffing Instructors and Studio Staff	2	1	1
Marketing: Advertising, Promotions, Social Channels, Affiliate/Co-hosted Events, Classes, Programs and Memberships, and Building the Client Relationship, pre & post grand opening, community events	3	3	1
Sales: Role-Play & Membership Agreements, System & Lead Management	1	1	1
Merchandising & Retail Sales	1	1	1
Operations: In-Studio Instructor Training*, Opening and Closing Procedures, Capacity Planning	2	5	*20
Financial Management: Supplier Relationships, Fiscal Responsibility, Goal Setting/KPIs, Reporting, Royalties and Franchise Obligations	2	3	0
TOTALS	18	16	26
TOTAL HOURS	60		

*We will provide Instructor Training program details in the Operations Manual.

We will provide 2 to 3 days of support in your Studio following the conclusion of your pre-opening process. All trainees must have successfully completed the training program. We will assess the Grand Opening marketing plan, membership pre-sales, staff knowledge of operational procedures, equipment, and the capacity to operate the business. If approved, you may start conducting classes; if not approved, we may require additional training and/or other pre-opening needs to meet brand standards.

ITEM 12: TERRITORY

Site

If the Site for your Studio has not been agreed upon when you sign the Franchise Agreement, we will specify a non-exclusive Site Selection Area in which you may locate the Site. Your Site Selection Area is not exclusive and is only intended to give you a general indication of the area within which you may locate the Site for the Studio. If we accept your proposed Site and you secure it, the Site will be added to the Franchise Agreement.

Site Selection

We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we determine is appropriate, as well as the contact information of any local real estate broker that we have an existing relationship with and that is familiar with our confidential site selection/evaluation criteria, if we know any such brokers in or around the Designated Market Area you are assigned. We do not generally own the premises that franchisees use for their Studio. As of the Issuance Date, we have an Approved Supplier to provide site selection services.

Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. Ideally, the Site of your Studio will be a major, national tenant, anchored commercial retail center that meets our then-current requirements for population density, demographics, available parking, traffic flow and entrance/exit from the site. Our standard franchise offering assumes a Studio size of approximately 1,800-2,200 square feet. You are solely responsible for obtaining all required construction/build-out licenses and ensuring the Site complies with all local ordinances and building codes.

If you locate a Site, we will approve or disapprove of the Site within 30 days after we receive any and all reasonably-requested information regarding your proposed site from you. If we cannot agree on a Site, we may extend the time for you to obtain a Site, or we may terminate the Franchise Agreement.

We must also have the opportunity to review your lease or purchase agreement for a proposed location before you enter into such an agreement. We may condition our approval on a number of conditions, including the inclusion of certain terms in the lease for the location, as well as the Collateral Assignment of Lease as set forth in our then-current Manuals, and receiving a written representation from the landlord of the Site that you will have the right to operate the Studio, including offering and selling the Approved Products and Approved Services, throughout the term of your Franchise Agreement.

You must secure a Site that we approve within six (6) months of executing your Franchise Agreement for that Franchised Business or we may terminate that Franchise Agreement.

Designated Market Area

Your Designated Market Area may contain up to 50,000 people and will typically be comprised of the geographic area encompassed within a given radius around your Studio location. The Designated Market Area radius may be anywhere from two (2) blocks to two (2) miles around your Studio location depending on (a) the population density and other demographics of the area, (b) any existing territorial rights granted in connection with existing Studios, and (c) whether your location is considered part of a major metropolitan area, other downtown area or similar situated central business district that has a large “working population” during relevant operating hours for surrounding businesses (referred to as a “**Central Business District**”).

Importantly the size of your Designated Market Area may vary from the area granted to other franchisees based on the location and demographics surrounding your Studio. Your Designated Market Area may not be comprised of a typical radius around your Studio location if such a radius would encompass the location of another previously developed Studio.

The boundaries of your Designated Market Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources we use to determine the population within your Designated Market Area will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion. You will be assessed a relocation fee of \$5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business, unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. Approval of your relocation shall include meeting our then current site selection requirements.

If you have been granted a Designated Market Area, neither we nor our affiliates will open or operate, or authorize any third party the right to open or operate, another Studio utilizing the Marks and System from a physical location within your Designated Market Area. As such, your Designated Market Area is deemed “exclusive” under applicable franchise disclosure laws. Please note our reserved rights described later in this Item.

Your Designated Market Area will not be modified by Franchisor for any reason so long as you are not in default of your Franchise Agreement, except in cases where (a) you request relocation of your Studio is approved and you relocate, and/or (b) at the time of any requested renewal or proposed assignment of the franchise, the population of the Designated Market Area is over 50,000. In such cases, we may move or modify the size of your Designated Market Area.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future Studios, using any of the other brands or Marks that we now, or in the future, may offer, and we may operate or license Studios or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to the premises and whether or not they provide services similar to those that you offer. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we may be involved, now or in the future.

While you and other Studios will be able to provide the Approved Services to any potential client that visits or otherwise reaches out to your Studio, you will not be permitted to actively solicit or recruit clients outside your Designated Market Area, unless we provide our prior written consent. You will not be permitted to advertise and promote your Franchised Business via advertising that is directed at those outside your Designated Market Area without our prior written consent, which we will not unreasonably withhold

provided (a) the area you wish to advertise in is contiguous to your Designated Market Area, and (b) that area has not been granted to any third party in connection with a Studio (or Development Agreement) of any kind.

We may choose, in our sole discretion, to evaluate your Studio for compliance with our System using various methods (including, but not limited to, inspections, field service visits, surveillance camera monitoring, member comments/surveys, audit POS and CRM System and secret shopper reports). You must meet minimum standards for cleanliness, equipment condition, repair and function, and customer service. Your employees, including independent contractors, must meet minimum standards for courteousness and customer service.

Development Agreement

If you are granted the right to open two or more Franchised Businesses under our form of Development Agreement, then we will provide you with a Development Area. The size of your Development Area will substantially vary from other System developers based on the number of Franchised Businesses we grant you the right to open and operate, and the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Development Agreement.

Each Franchised Business you timely open and commence operating under our then-current form of franchise agreement will be operated from a distinct site located within the Development Area and within its own Designated Market Area that we will define once the site for that Franchised Business has been approved. We will approve sites for additional Franchised Businesses developed under your Development Agreement using our then-current site selection criteria.

We will not own or operate, or license a third party the right to own or operate, a Studio utilizing the Marks and System from a physical location within the Development Area until the earlier of (a) the date we define the Designated Market Area of the final Franchised Business you were granted the right to operate under the Development Agreement, or (b) the expiration or termination of the Development Agreement for any reason (whichever occurs earlier). Your Development Area will be exclusive during this time period.

Upon the occurrence of any one of the events described in the preceding paragraph, your territorial rights within the Development Area will be terminated, except that each Franchised Business that you have opened and are continuously operating as of the date of such occurrence will continue to enjoy the territorial rights within their respective Designated Territories that were granted under the franchise agreement(s) you entered into for those Franchised Business(es).

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive rights within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

Minimum Performance Standards

Unless waived by us due to unique market conditions, you must meet a certain minimum monthly Gross Sales quota (the "Minimum Monthly Gross Sales Quota"), as follows: (i) you must achieve and maintain trailing 12-month average monthly Gross Sales of \$30,000 by the 1st anniversary of the opening of your Studio; and (ii) you must achieve and maintain trailing 12-month average monthly Gross Sales of \$40,000 by the 2nd anniversary and each successive anniversary of the opening of your Studio. If you fail to meet the Minimum Monthly Gross Sales Quota for 36 consecutive months at any time during the term of your

Franchise Agreement, we, in our discretion, may institute a mandatory corrective training program or terminate your Franchise Agreement upon written notice to you.

Reserved Rights

We and our parent/affiliates reserve the exclusive right under the Franchise Agreement and/or Development Agreement (as appropriate) to establish and operate and license any third party the right to establish and operate, other Studios and Franchised Businesses using the Marks and System at any location outside of your Designated Market Area(s) and, if applicable, Development Area. We and our parent/affiliates also reserve the right to market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Market Area(s) and, if applicable, the Development Area, and use the Marks and System, as well as other such marks we designate, to distribute any Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Market Area(s) and Development Area (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.), as further described below.

We and our parent/affiliates also reserve the right to acquire, merge with, be acquired by, or otherwise affiliate with, any other company – and/or have us or any successor/acquiring entity own and operate, and franchise or license others to own and operate, any business of any kind – including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside your Designated Market Area(s) and, if applicable, Development Area. Finally, we and our parent/affiliates reserve the right to use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, if applicable, your Development Agreement.

Neither the Franchise Agreement nor Development Agreement grants you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our parent/affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Territory.

Options and Rights of First Refusal to Acquire Additional Franchises

You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

Internet Sales / Alternative Channels of Commerce

We may sell products and services to customers located anywhere, even if such products and services are similar to what we sell to you and what you offer at your Studio. We may use the internet or alternative channels of commerce to sell our brand products and services. You may only sell the products and services from your approved Studio location and may only use the internet or alternative channels of commerce to offer or sell the products and services, as permitted by us, in order to register members for classes. There are no restrictions limiting your right to register members located outside of your Designated Market Area, however you are not permitted to solicit and/or recruit prospective clientele outside of your Designated Market Area. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise. We retain the right to approve or disapprove of such advertising, in our sole discretion. Any use of social media by you pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal, or inappropriate content. We reserve the right to "occupy" any social media websites/pages and be the sole provider of information regarding the Studio on such websites/pages (e.g., a system-wide Facebook page). At our request, you will promptly modify or remove any online communication pertaining to the Studio that does not comply with the Franchise Agreement or

the Manual. You are not prohibited from obtaining members over the Internet provided your Internet presence and content comply with the requirements of the Franchise Agreement.

We have not established other franchises or Company-Owned Outlets or another distribution channel offering or selling similar products or services under a different trademark. We have not established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the Franchised Business and that sell our Approved Products and Services under a different trade name or trademark, but we reserve the right to do so in the future without your consent. Certain of our affiliates are involved with franchising and other activities as previously disclosed in Item 1 of this Disclosure Document, and such affiliates reserve the right to continue conducting franchising and other activities.

**ITEM 13:
TRADEMARKS**

We grant you the right to operate a Franchised Business specializing in the operation of personal fitness studios under the proprietary marks and any other service marks, associated designs, artwork, and logos that we specify and modify from time to time. We may require you to use the Marks in conjunction with other words or symbols or in an abbreviated form

We have registered the following marks on the United States Patent and Trademark Office’s Principal Register:

Mark	U.S. Registration No.	Registration Date
	5270956	August 22, 2017

We have filed the required affidavits pertaining to these marks. They are not yet eligible for renewal, but we intend to renew the registrations as renewal becomes available. You may use these registered trademarks and other current and future marks to operate your Business, as we may designate.

You must follow our requirements when you use the Marks. You must use only the Marks that we designate and you may use them only in the manner we authorize. You may use the Marks only in connection with operating your Business in the Designated Market Area, or in advertising for the business in the Designated Market Area. You may not use the Marks as part of your corporate or other legal name.

There are currently no agreements in effect that significantly limit our rights to use or license the use of the Marks that are material to you. There are currently no effective material determinations of the USPTO, trademark trial and appeal board, any state trademark administrator, or any court; pending infringement, opposition, or cancellation; or pending material litigation involving the Marks. There are no infringing or prior superior uses actually known to us that could materially affect the use of the Marks in this state or any other state in which the Purvelo business is to be located.

You may also use certain other Marks owned by or licensed to us in the operation of your Studio. You must use the Marks only in strict accordance with the Franchise Agreement and Operations Manual. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. You must display the Marks in a manner that we specify on signage at the Studio and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts,

stationary, and other materials we designate. Upon receipt of notice from us, you must discontinue, alter, or substitute any of the Marks as we direct.

You must display in a conspicuous location in or upon the Studio or in a manner that we specify a sign containing the following notice or an alternative notice that we specify: "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark PURVELO, which is a registered trademark owned by Purvelo Franchising, LLC." You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate.

You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Purvelo business. You may only use the Marks in accordance with our standards, operating procedures, and specifications. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We may take whatever action we deem appropriate in these situations, and we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

We can require you to modify or discontinue the use of any Mark and to use other trademarks or service marks. We will not be required to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to that proceeding. We have the right to control the defense and settlement of that proceeding. Our reimbursement does not include your expenses for removing signage or discontinuing your use of any Mark. Our reimbursement also does not apply to any disputes where we challenge your use of a Mark. Our reimbursement does not apply to legal fees you incur in seeking separate, independent legal counsel.

You must use the Marks as the sole trade identification of the Business. You may not use any Mark or part of any Mark as part of your corporate name in any modified form. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

**ITEM 14:
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

There are no patents of which we are aware that are material to the Purvelo businesses, and there are no patents pending. We own copyrights in the Brand Standards Manual, our proprietary platforms and systems, marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating the Business, and you must stop using them if we direct you to do so. You must promptly tell us when you learn about any unauthorized use of copyrighted information. We have the right to control any litigation concerning our copyrighted materials. We are not obligated to protect your rights to use copyrighted materials.

There are currently no effective determinations of the Copyright Office (Library of Congress) or any court regarding copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain Confidential Information, including certain trade secrets, methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in operating boutique cycle spin studio businesses, and we may divulge this information in confidence to qualified franchisees and managers. We will provide our Confidential Information to you during training, in the Brand Standards Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the Confidential Information for the purpose of operating your Purvelo business. You may only divulge Confidential Information to employees who must have access to it to operate the Purvelo Business. You must enforce the confidentiality provisions as to your employees.

Individuals with access to Confidential Information, including your owners (and members of their immediate families) officers, directors, executives, managers, and professional staff, are required to execute the Personal Covenants contained in the Franchise Agreement as Attachment 2, which are substantially the same as the noncompetition, non-solicitation and confidentiality covenants contained in the Franchise Agreement.

All ideas, concepts, techniques, or materials concerning your Purvelo business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

**ITEM 15:
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Your Business must always be under the direct, “on-premises”, full-time supervision of a Key Manager, which is you if you are an individual, or is an individual you select if you are a business entity. The Key Manager must meet our minimum standards and must attend and satisfactorily complete our initial training program before opening the Business. Your Key Manager must also satisfactorily complete the on-the-job training program before opening your Franchise. You must keep us informed of the identity of your current Key Manager. If you are a corporation or other business entity and the Business is under the supervision of a Key Manager, he or she does not have to be one of your owners or otherwise have an equity interest in the Business.

If you are not an individual, all principals of your organization (i.e., persons or partners who sign the Franchise Agreement and in the case of a corporation, partnership, or limited liability company, the

shareholders, partners, managers or members of that organization and their respective spouses), must sign the Guaranty Agreement presented as an exhibit to the Franchise Agreement as Attachment 6, as we deem necessary for adequate security. This is a personal guarantee of the obligations under the Franchise Agreement. This Guaranty Agreement gives us the right to collect any amounts due to us from each guarantor personally.

As described in Item 14, individuals having access to Confidential Information are required to execute the Personal Covenants contained in the Franchise Agreement as Attachment 2, which are substantially the same as the noncompetition, non-solicitation and confidentiality covenants contained in the Franchise Agreement.

The Franchise Agreement is signed by us, by you, and the “Designated Operator(s)” of your Franchised Business. The Designated Operator(s) (there may be up to two such individuals, but only one address to which we communicate in regard to the franchise) named has the authority to act for you in all matters relating to the Purvelo Franchise. By signing the Franchise Agreement, you and the Designated Operator(s) agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities, which must be fully disclosed prior to signing this document, in which you or your Designated Operator(s) may be involved, we require you and/or your Designated Operator(s), and Key Manager to sign additional confidentiality and non-competition agreements.

We will not unreasonably withhold our approval of any Key Manager you propose, provided the individual has successfully completed the operator module of the initial training and, if that individual will be providing any Approved Services and/or any kind of personnel training in the future.

You are solely responsible for the hiring and management of the Studio personnel, including all Instructors, for the terms of their employment (or engagement) and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of any Key Manager involved in the operation of the Studio and their contact information.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only operate your Studio from an approved retail location selected by you with our approval, and you must not use, or permit the use of, that retail location for any other purpose without our written consent. You must operate your Studio in strict conformity with the methods, standards, and specifications in the Brand Standards Manual and as we may require otherwise in writing. You may not deviate from these standards, specifications, and procedures without our written consent.

You must offer all the services and products we specify in strict accordance with our standards and specifications as set forth in the Brand Standards Manual. We have the right, using our reasonable business judgment, to specify the maximum prices at which you must offer some or all the products and services. You may not sell any services or products that we have not authorized, and you must discontinue offering any services or products that we may, in our sole discretion, disapprove in writing at any time. If your franchise is a conversion, you must stop using all products, supplies, and equipment that we have not approved or that does not conform to our System.

We may periodically change the required or authorized products or services for Purvelo Businesses. There are no limits on our right to do so. If we modify the System, you may be required to add or replace equipment, signs, and fixtures, and you may have to make improvements or modifications as necessary to maintain uniformity with our current standards and specifications.

**ITEM 17:
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

A. Franchise Agreement

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 3.1	Begins on the Effective Date of your Franchise Agreement and continues for 10 years from that date.
b.	Renewal or extension of the term	Section 3.2	If you meet the conditions, you may enter into 3 successor 5-year terms.
c.	Requirements for franchisee to renew or extend	Section 3.2	You have notified us of your intent to renew at least 6 months in advance but no more than 12 months in advance; you have signed our then-current form of franchise agreement, which may have materially different terms and conditions than your original Franchise Agreement (including a modified fee structure and Protected Area); you have refurbished the Studio to our then-current specifications; you have executed a general release in favor of us and our affiliates; your Operating Principal and Key Manager have completed our then-current training requirements; you have secured from your landlord the right to continue operating at the Site; you have substantially and timely complied with the Franchise Agreement during the term; no Event of Default (as defined in the Franchise Agreement) or event which, with the giving of notice or passage of time or both, would become an Event of Default, exists; and you have paid us the Successor Fee.
d.	Termination by franchisee	Section 19.1	If we commit a material breach of the Franchise Agreement and we fail to cure the breach or take reasonable steps to begin curing the breach within 60 days after receiving notice from you, you may terminate the Franchise Agreement (subject to state law).
e.	Termination by franchisor without cause	Not Applicable	None.
f.	Termination by franchisor with cause	Section 19.2	We can terminate only if you default under the Franchise Agreement, any other individual Franchise Agreement, the Development Agreement (except that we cannot terminate the Franchise Agreement if the default under the Development Agreement is only due to your failure to comply with the Development Schedule), or any other agreement between you and us (see (g) and (h) below).
g.	“Cause” defined – curable defaults	Section 19.2	You have 10 days to cure the non-payment of any amounts owed to us or our affiliates or your failure to make sufficient funds available to us; 24 hours to cure non-compliance with any law, regulation or ordinance which results in a threat to the public’s health or safety; and 30 days to cure a failure to comply with any other provision of the Franchise Agreement, including, but not limited to, the or the Minimum Monthly Gross Sales Quota, not described above or in (h) below.
h.	“Cause” defined – non-curable defaults	Section 19.2	You make a material misrepresentation to us; your Required Trainees fail to satisfactorily complete Initial Training; you fail

	Provision	Section in Franchise Agreement	Summary
			to secure a site by the Site Acquisition Deadline; you fail to open on time; you fail to timely renovate your Studio; you fail to rebuild your Studio after its destruction; you suspend operations of the Studio for more than 5 days without our consent; you fail to communicate with us; your representatives miss 2 or more required meetings; you or any of your Owners or officers or directors is convicted or pleads nolo contendere to a crime involving moral turpitude or consumer fraud or any other crime or offense or engages in any activities which impairs the goodwill associated with the Marks; you misuse the Marks; you disclose Proprietary Information; you or your Owners make an improper transfer; you or your Owners violate the noncompete covenants of the Franchise Agreement; you become insolvent or bankrupt; you fail to pay suppliers and trade creditors an amount exceeding \$2,000 for more than 60 days; you fail to pay your taxes; you underreport Gross Sales by more than 2% twice in a 2-year period or by 5% in any period; you fail to permit us to inspect or audit your books and records; you fail to timely file reports three times in 12 months; you or your affiliates default under any other agreement with us or our affiliates (including the Development Agreement) if such default would permit the termination of that agreement; or you are in default 3 or more times within any 18-month period. If any event of default occurs under the Development Agreement that would permit the termination of that agreement, we may terminate any previously executed Franchise Agreement (regardless of whether we exercise the right to terminate the Development Agreement); provided, however, that your failure to open and operate Studios in accordance with the Development Schedule will not constitute cause for us to terminate any previously executed Franchise Agreement.
i.	Franchisee’s obligations on termination or non-renewal	Section 20; Internet Web Sites and Listings Agreement; Telephone Listing Agreement	Pay all amounts due to us or our affiliates; discontinue use of the Marks and the System; return Proprietary Information, customer data, and Manuals; close vendor accounts; cancel assumed name registration; cancel or transfer telephone number, post office boxes, domain names, social media accounts, and directory listings; complete de-identification of the Site; reimburse customers; refrain from disclosing Proprietary Information; and comply with noncompete covenants (also see (o) and (r) below).
j.	Assignment of contract by franchisor	Section 17.1	No restriction on our right to assign.
k.	“Transfer” by franchisee – definition	Section 17.2	Includes transfer of the Franchise Agreement, any interest in the Franchise Agreement, the license to use the System and the Marks, the Studio or substantially all of the assets of the Studio, or an interest in the ownership of the Studio (if you are an Entity).
l.	Franchisor approval of transfer by franchisee	Section 17.2 and Section 17.4	We have the right to approve all transfers.
m.	Conditions for franchisor approval of transfer	Section 17.4	In addition to any other conditions that we reasonably specify, you pay us a non-refundable deposit to review the transfer; you pay us the Transfer Fee; all of your monetary obligations are satisfied; you are not in default; you and your Owners sign a general release; you and your Owners remain liable for obligations incurred or arising prior to transfer; you comply with

	Provision	Section in Franchise Agreement	Summary
			noncompetition and confidentiality provisions; your landlord consents to the transfer of your lease; new franchisee agrees to discharge all of your obligations; new franchisee qualifies, meets training requirements, and signs then-current franchise agreement; new franchisee upgrades the Studio to our then-current specifications; new franchisee covenants to continue to operate the Studio under the Marks; new franchisee's owners execute our then-current form of personal guarantee; we determine purchase price and payment terms acceptable; and financing arrangements, if any, are subordinate to your obligation to pay all amounts due to us and our affiliates and otherwise to comply with the Franchise Agreement.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 17.8	We can match any offer for your Studio, the Studio's assets, or any ownership interest, except for certain transfers to spouse or children or upon death, incapacity, or bankruptcy.
o.	Franchisor's option to purchase franchisee's business	Section 20.1E	After the Franchise Agreement terminates or expires, we can purchase any or all of the inventory, supplies, Operating Assets, and other assets related to the operation of your Studio for the fair market value of the assets, less any amounts then owing to us. We also may assume your lease or sublease or equipment leases.
p.	Death or disability of franchisee	Section 17.3	Executor or representative must transfer your interest to a third party approved by us within 120 days.
q.	Non-competition covenants during the term of the franchise	Section 18.1	You and your Owners may not: (i) teach or lead, or train individuals to teach or lead, any resistance-based, low impact classes ("Competitive Classes") at any location in the United States or via any alternative channels of distribution, such as the Internet, webinar, or other video services; (ii) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (a) any fitness studio or similar facility or business that generates 25% or more of its revenue from Competitive Classes or (b) any entity that grants franchises or licenses for any of these types of businesses (a "Competitive Business") in the United States; (iii) divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Classes or Competitive Business, by direct or indirect inducement or otherwise; (iv) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (v) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studio.
r.	Non-competition covenants after the franchise is terminated or expires	Section 18.1 and 18.2	For 2 years after the expiration, termination, or transfer of your Franchise Agreement, the restrictions in (p) shall apply, except the restrictions in (i) and (ii) shall be geographically limited to any location within a 10-mile radius of your former Studio or any other Studio that is operating or under development at the time of such event.
s.	Modification of the agreement	Section 7 and 36	Except for modifications to the Manuals, no modifications unless agreed to in writing by both parties.
t.	Integration/merger clause	Section 36	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises made outside of this

	Provision	Section in Franchise Agreement	Summary
			Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 27.3	Prior to filing most proceedings, a party must submit the dispute to non-binding mediation.
v.	Choice of forum	Section 27.2	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in Charlottesville, VA (or the city in which our principal place of business is then located, if we no longer have an office in Charlottesville, VA).
w.	Choice of law	Section 27.1	Virginia law applies, except disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and unless individual state law directs otherwise.

B. Development Agreement

	Provision	Section in Development Agreement	Summary
a.	Length of the franchise term	Section 5	The term expires upon the deadline to open the last Studio to be opened under the Development Schedule.
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	Not Applicable	You have no right to terminate the Development Agreement except as applicable law allows.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause	Section 6.1	We can terminate only if you default (see (g.) and (h.) below).
g.	"Cause" defined – curable defaults	Not Applicable	Not Applicable
h.	"Cause" defined - non-curable defaults	Section 6.1	You fail to timely execute a Franchise Agreement or fail to pay any initial franchise fee owed thereunder; you fail to have open and operating the minimum number of Studios specified in the Development Schedule at any deadline; any Franchise Agreement is in default; or you breach or otherwise fail to comply fully with any provision of the Development Agreement. If an event of default occurs which gives us the right to terminate any Franchise Agreement, we may terminate the Development Agreement (regardless of whether we exercise our right to terminate such Franchise Agreement).
i.	Franchisee's obligations on termination/non-renewal	Section 6.2	You will lose your right to develop additional Studios.
j.	Assignment of contract by franchisor	Section 7	No restriction on our right to assign.
k.	"Transfer" by franchisee - defined	Section 7	Includes transfer of the Development Agreement or any interest in the Development Agreement or the Entity.
l.	Franchisor approval of transfer by franchisee	Section 7	We have the right to approve or not approve all transfers in our sole discretion.

	Provision	Section in Development Agreement	Summary
m.	Conditions for franchisor approval of transfer	Section 7	We have sole discretion in setting conditions for our approval of a transfer.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 7	We have the first right of refusal on all transfers, exercisable within 30 days of receiving all documentation that we require.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p.	Death or disability of franchisee	Not Applicable	We have the right approve or disapprove any transfer in our sole discretion.
q.	Non-competition covenants during the term of the franchise	Section 8	You and your Owners may not: teach Competitive Classes in the United States; be involved in any Competitive Business in the United States; divert customers or potential customers to any Competitive Business; do acts injurious to our goodwill; use vendor relationships established through your associations with us for any other purpose besides the operation of your Studio; or solicit for employment individuals employed during the past 12 months by us, our affiliates, or our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 8	For 2 years after the expiration, termination, or transfer of your Franchise Agreement, the restrictions in (p) shall apply, except the restrictions in (i) and (ii) shall be geographically limited to any location within a 10-mile radius of your former Studio or any other Studio that is operating or under development at the time of such event.
s.	Modification of the agreement	Section 9	No modifications unless agreed to in writing by both parties.
t.	Integration/merger clause	Section 9	Only the terms of the Development Agreement and any Franchise Agreements are binding (subject to state law). Any other promises outside this Disclosure Document, the Development Agreement, and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 8	Prior to filing most proceedings, each party has the right to demand non-binding mediation.
v.	Choice of forum	Section 8	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in Charlottesville, VA (or the city in which our principal place of business is then located, if we no longer have an office in Charlottesville, VA).
w.	Choice of law	Section 8	Subject to applicable state laws, Virginia law applies, without regard to Illinois conflict-of-laws rules.

**ITEM 18:
PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

**ITEM 19:
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Purvelo Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Casey Floyd or Paul Flick, 1000 W. Main Street, Charlottesville, VA 22903, (877) 827-8074 the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20:
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For Fiscal Years 2021 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	2	+2
Company-Owned	2021	4	4	0
	2022	4	4	0
	2023	4	2	-2
Total Outlets	2021	4	4	0
	2022	4	4	0
	2023	4	4	0

**Table No. 2
Transfers Of Outlets From Franchisees To New Owners
(Other Than The Franchisor)
For Fiscal Years 2021 to 2023**

State	Year	Number of Transfers
Totals	2021	0
	2022	0
	2023	0

**Table No. 3
Franchised Outlets Status Summary
For Fiscal Years 2021 to 2023**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets Operating At Year End
GA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
VA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2

**Table No. 4
Company-Owned Outlets Status Summary
For Fiscal Years 2021 to 2023**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating At End of Year
AL	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
GA	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
TX	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
VA	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
Totals	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	2	2

Table No. 5
Projected Openings As Of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
FL	0	2	0
GA	0	1	0
NC	0	1	0
OH	0	1	0
PA	0	1	0
TN	0	2	0
TX	0	4	0
MD	0	0	0
Totals	0	12	0

Attached as Exhibit C to this Disclosure Document is a list of the Purvelo franchisees and corporate locations as of the date of this Disclosure Document and a list of Purvelo franchisees who have been terminated, cancelled, or otherwise ceased to do business under the Franchise Agreement during the year ended December 31, 2023, or who have not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy a Purvelo franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Agreements

During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Trademark-Specific Franchisee Organizations

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the Purvelo system that we have created, sponsored, or endorsed, and there are no independent trademark-specific franchisee organizations that have asked to be included in our Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document is (a) our audited balance sheet and financial statements as of December 31, 2022, our (b) audited financial statements as of December 31, 2023; and (c) our unaudited balance sheets as of March 31, 2024 and June 30, 2024 and our profit and loss statements for the periods between January 1, 2024 and March 31, 2024 and April 1, 24 and June 30, 2024.. As we were formed in May 2022 and began offering franchises in September 2022, we have not been in business for three years or more and cannot include all financial statements required by the FTC Rule. Our fiscal year ends on December 31 each calendar year.

**ITEM 22:
CONTRACTS**

The following contracts are attached to this Disclosure Document:

Exhibit E	Franchise Agreement with Attachments
FA E-2	Personal Covenants
FA E-3	Internet Websites and Listings Agreement
FA E-4	Telephone Listing Agreement
FA E-6	Guaranty
FA E-7	General Release
FA E-8	ACH Authorization
Exhibit F	Development Agreement with Attachments
Exhibit G	Franchisee Compliance Questionnaire
Exhibit H	State Specific Addenda and Riders

**ITEM 23:
RECEIPTS**

Our copy and your copy of the Disclosure Document Receipt are located on the last two pages of this Disclosure Document. Please sign, date, and return 1 copy of the Receipt to us and keep the other copy for your records.

EXHIBIT A
FINANCIAL STATEMENTS

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members
Purvelo Franchising, LLC

Opinion

We have audited the accompanying financial statements of Purvelo Franchising, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and changes in members' deficit and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Purvelo Franchising, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Purvelo Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations and negative cash flow from operations, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Purvelo Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Purvelo Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Purvelo Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



New York, New York
August 8, 2024

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
BALANCE SHEET
DECEMBER 31, 2023

ASSETS

Current asset:	
Accounts receivable	\$ <u>880</u>
TOTAL ASSETS	\$ <u><u>880</u></u>

LIABILITIES AND MEMBERS' DEFICIT

Current liabilities:	
Accrued expenses	\$ 13,358
Deferred revenues	1,200
Marketing fund liability	<u>16,062</u>
Total current liabilities	30,620
Long-term liability:	
Deferred revenues, net of current portion	<u>10,300</u>
Total liabilities	40,920
Commitments and contingencies (Note 8)	
Members' deficit	<u>(40,040)</u>
TOTAL LIABILITIES AND MEMBERS' DEFICIT	\$ <u><u>880</u></u>

See accompanying notes to financial statements.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2023

Revenues:	
Franchise fees	\$ 500
Royalties	46,114
Marketing fund fees	16,062
Other fees	<u>11,515</u>
Total revenues	74,191
Selling, general and administrative expenses	<u>362,427</u>
Net loss	(288,236)
Members' deficit - beginning	(37,029)
Member contributions	<u>285,225</u>
MEMBERS' DEFICIT - ENDING	<u><u>\$ (40,040)</u></u>

See accompanying notes to financial statements.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Net loss	\$ (288,236)
Adjustments to reconcile net loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(880)
Accrued expenses	4,228
Marketing fund liability	16,062
Due to Parent	(32,927)
Deferred revenues	<u>11,500</u>
Net cash used in operating activities	(290,253)
Cash provided by financing activities:	
Member contributions	<u>285,225</u>
Net decrease in cash	(5,028)
Cash - beginning	<u>5,028</u>
CASH - ENDING	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Purvelo Franchising, LLC (the "Company") was formed on May 23, 2022, as a Virginia limited liability company. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Purvelo" name and system that provide a cycle studio model offering boutique spin and other fitness class offerings.

The Company is a limited liability company, and therefore, the members are not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the members have signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statement has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Company's financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The Company derives its revenues from franchise fee, royalties, marketing fund fees, and other fees.

Franchise fees, royalties and marketing fund fees

Contract consideration from franchisees primarily consists of initial or renewal franchise fees, sales-based royalties and sales-based marketing fund fees payable by a franchisee. The initial franchise fees are nonrefundable and are collected when the underlying franchise agreement is signed by the franchisee. Sales-based royalties and marketing fund fees are payable weekly. Renewal fees are payable when an existing franchisee renews the franchise agreement for an additional term.

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities commonly referred to collectively as "pre-opening activities." All pre-opening activities have been determined to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore are accounted for as a single performance obligation, which is satisfied by granting certain rights to access our intellectual property over the term of each franchise agreement.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Franchise fees, royalties and marketing fund fees (continued)

Initial and renewal franchise fees are allocated to the right to access the Company's intellectual property, and are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Royalties are earned based on a percentage of franchisee's gross revenues. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

Marketing fund fees

The Company maintains a marketing fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. marketing fund fees are collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the marketing fund and therefore recognizes the revenues and expenses related to the marketing fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the marketing fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the marketing fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur.

When marketing fund fees exceed the related marketing fund expenses in a reporting period, advertising costs are accrued up to the amount of marketing fund revenues recognized.

Other fees

The Company recognizes revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Unbilled accounts receivable, which are included in accounts receivable, represent amounts the Company has an unconditional right to receive payment for, although invoicing is subject to contractual billing requirements. The Company assesses collectibility by reviewing accounts receivable and its contract assets on a collective basis where similar risk characteristics exist. In determining the amount of the allowance for doubtful accounts, management considers historical collectibility and makes judgments about the creditworthiness of the pool of franchisees based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions are considered in adjusting the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted. There was no allowance for doubtful accounts at December 31, 2023.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

As a limited liability company, the Company is treated as a partnership for federal and state income tax purposes. Accordingly, no provision has been made for income taxes in the accompanying financial statements, since all items of income or loss are required to be reported on the income tax returns of the members, who are responsible for any taxes thereon.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

The Company files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through August 8, 2024, the date on which these financial statements were available to be issued. Except as disclosed in Notes 3 and 8, there were no other material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. SUBSTANTIAL DOUBT ABOUT THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN

The Company has sustained net loss, negative cash flows from operations and has accumulated members' deficit of \$288,236, \$290,253 and \$40,040, respectively. Since inception, the Company's operations have been funded primarily through capital contributions. Management has indicated that the Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it expects to grow the franchisee base and expand into new markets.

Subsequent to the year ended December 31, 2023, managing member of the Company (the "Parent"), contributed \$263,024 to the Company to be used for working capital purposes and management has taken several actions to improve operating cash flows through reduction of operating expenses. Additionally, management anticipates that the revenues from existing franchisees are expected to increase as the franchised units opened for operations during 2023 are now operating for a full year in 2024 and a full year of fees are expected to be collected for 2024 and thereafter. Management of the Company has been advised that the Parent will continue to provide any financial assistance needed by the Company should its cash flows from operations combined with its cash balances not be sufficient to meet its working capital needs. However, subsequent to December 31, 2023, the Company entered into guarantee agreements with affiliates as further detailed in Note 8. Should there be additional liabilities in conjunction with these guarantees in excess of net assets of the Company, there can be no assurance that management's plans will be sufficient and that the Company will have

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. SUBSTANTIAL DOUBT ABOUT THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN (CONTINUED)

adequate available cash to sustain its operations in addition to the obligations under the guarantees. Accordingly, there is substantial doubt about the Company's ability to continue as a going concern for the 12 months following the date that these financial statements were available to be issued.

NOTE 4. RECENTLY ADOPTED ACCOUNTING STANDARDS

In June 2016, the FASB issued Accounting Standards ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASC 326"), which along with subsequently issued related ASUs, requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired.

The Company's financial asset is accounts receivable from franchisees. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Company adopted ASC 326 using the modified retrospective method at January 1, 2023, and it did not have a material impact on the financial statements.

NOTE 5. FRANCHISED OUTLETS

The following data represents the Company's franchised outlets as of and for the year ended December 31, 2023

Franchises sold	2
Franchises terminated	-
Franchises purchased	-
Franchised outlets in operation	2
Franchisor owned outlets in operation	-

NOTE 6. CONCENTRATION OF CREDIT RISK

Cash

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States, and the Company's ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenue, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by timing of recognition for the year ended December 31, 2023, were as follows:

<i>Point in time:</i>	
Royalties	\$ 46,114
Marketing fund fees	16,062
Other fees	<u>11,515</u>
Total point in time	73,691
<i>Over time:</i>	
Franchise fees	<u>500</u>
Total revenues	<u>\$ 74,191</u>

Contract balances

Contract assets include accounts receivable. The balance as of December 31, 2023, was \$880. There was no accounts receivable balance as of December 31, 2022.

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees which are presented as "Deferred revenues" in the accompanying balance sheet. A summary of significant changes in deferred revenues during the year ended December 31, 2023, is as follows:

Deferred revenues - beginning of year	\$ -
Current year deferred revenue additions	12,000
Revenue recognized during the year	<u>(500)</u>
Deferred revenues - end of year	<u>\$ 11,500</u>

Deferred revenues are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2024	\$ 1,200
2025	1,200
2026	1,200
2027	1,200
2028	1,200
Thereafter	<u>5,500</u>
Total	<u>\$ 11,500</u>

PURVELO FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract balances (continued)

Deferred revenues at December 31, 2023, consisted of the following:

Franchise units not yet opened	\$ -
Opened franchise units	<u>11,500</u>
Total	<u>\$ 11,500</u>

NOTE 8. RELATED-PARTY TRANSACTIONS

Related-party revenues

The Company receives royalties and marketing fund fees from locations owned and operated by an entity related through common ownership of the Parent. For the year ended December 31, 2023, royalties and marketing fund fees earned from this entity totaled \$31,748 and \$10,703, and are included in "Royalties" and "Marketing fund fees," respectively, in the accompanying statement of operations and changes in members' deficit.

Management service arrangement

The Company entered into a management service arrangement with the Parent. Pursuant to the management service arrangement, the Company has agreed to pay a management fee to the Parent for providing provides certain administrative support service on behalf of the Company. For the year ended December 31, 2023, the management fees charged from the Parent amounted to \$99,265, which is included in "Selling, general and administrative expenses" in the accompanying statement of operations and changes in members' deficit.

Guarantees

Subsequent to December 31, 2023, the Company entered into guarantee agreements with other franchisor entities affiliated through common ownership of the Parent ("franchisor entities"), to guarantee the duties and obligations of those franchisor entities under their respective franchise registration and franchise agreements identified in their 2024 franchise disclosure document. The Company will continue to guarantee such duties and obligations until the earlier of (a) all such obligations of the franchisor entities under its franchise registrations and franchise agreements are satisfied or (b) until the liability of franchisor entities to its franchisees under the franchise agreements has been completely discharged.

NOTE 9. MARKETING FUND

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect marketing fund fees up to 2% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. Funds collected and not yet expended on the franchisees' behalf totaled \$16,062 as of December 31, 2023.

Purvelo Franchising, LLC

Financial Statements

Year Ended December 31, 2022

Purvelo Franchising, LLC
Financial Statements
Year Ended December 31, 2022

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Independent Auditors' Report

**To the Members of
Purvelo Franchising, LLC
Charlottesville, Virginia**

Opinion

We have audited the accompanying financial statements of Purvelo Franchising, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Purvelo Franchising, LLC as of December 31, 2022, and the changes in its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Purvelo Franchising, LLC, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Purvelo Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditors' Responsibilities for the Audit of the Financial Statement: (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Purvelo Franchising, LLC internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Purvelo Franchising, LLC ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

April 28, 2023

Purvelo Franchising, LLC

Balance Sheet
December 31, 2022

ASSETS

CURRENT ASSETS

Cash \$ 5,028

TOTAL ASSETS \$ 5,028

LIABILITIES

CURRENT LIABILITIES

Accrued payroll and taxes \$ 1,863

Payroll liabilities 7,268

Due to other organizations 32,927

Total Current Liabilities \$ 42,058

TOTAL LIABILITIES \$ 42,058

MEMBERS' EQUITY \$ (37,030)

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 5,028

See accompanying notes and Independent Auditors' Report.

Purvelo Franchising, LLC

Statement of Income
Year Ended December 31, 2022

OPERATING EXPENSES

Advertising	\$ 22,128
General and administrative	16,482
Meals	598
Office	10,604
Payroll related expenses	76,731
Payroll taxes	12,278
Professional fees	221,934
Supplies	21
Travel	14,819
Vehicle	<u>27</u>

TOTAL OPERATING EXPENSES \$ 375,622

NET INCOME (LOSS) \$ (375,622)

See accompanying notes and Independent Auditors' Report.

Purvelo Franchising, LLC

Statement of Changes in Members' Equity
Year Ended December 31, 2022

	<u>Members'</u> <u>Equity</u>
Balance at beginning of year	\$ -
Capital contributions	690,100
Net income (loss)	(375,622)
Distributions	<u>(351,508)</u>
Balance at end of year	<u><u>\$ (37,030)</u></u>

See accompanying notes and Independent Auditors' Report.

Purvelo Franchising, LLC
Statement of Cash Flows
Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	\$ (375,622)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in:	
Accrued payroll and taxes	1,863
Payroll liabilities	7,268
Due to other organizations	<u>32,927</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ <u>(333,564)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Members' contributions	\$ 690,100
Members' distributions	<u>(351,508)</u>
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>338,592</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVILANTS	\$ 5,028
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>5,028</u></u>

See accompanying notes and Independent Auditors' Report.

Purvelo Franchising, LLC

Notes to the Financial Statements December 31, 2022

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

Purvelo Franchising, LLC (the “Company”) is a limited liability corporation, formed on May 23, 2022 under the laws of the Commonwealth of Virginia. The Company operates as the central and franchiser organization for the franchising of various businesses that provide a cycle studio model offering spin and other fitness class offerings.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting, which is in accordance with generally accepted accounting principles.

Revenue Recognition:

The Company has adopted FASB ASU 2014-09, Revenue from Contracts with Customers (Topic 606) “ASC 606”, and several related amendments, issued by the Financial Accounting Standards Board “FASB”. Revenue is recognized in accordance with a five-step revenue model, as follows: identify the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations, and recognizing revenue as the entity satisfies a performance obligation.

The following describes principal activities from which the Company generates its revenues and the associated revenue recognition policy:

Franchise Service Fees

Franchise service fees consist of royalty, call center, technology, national advertising and service fees charged to franchisees. Royalties generally range from 4% to 6% of the franchisee’s gross sales, depending on the particular franchise concept and upon other factors. The Company recognizes revenue for royalties as they become billable when the underlying franchisee sales occur. Call center, technology and service fees provide a distinct benefit from the franchise right and are therefore separate performance obligations. Fees for these services are generally billed as a monthly fixed or usage-based amount and are recognized as revenue as the services are performed. The Company administers national advertising funds (“NAF”) which are funded by the franchisees and are used to pay for the costs of preparing and producing various advertising and marketing materials for the franchisees. The advertising funded through the NAF benefits the franchise brands overall, rather than the individual franchise owners, and therefore is not a performance obligation separate from the overall franchise right. Any underspending of the NAF contributions is recorded as accrued and other liabilities on the consolidated balance sheets.

Franchise Sales Fees

Franchise sales fees consist of initial franchise, renewal and termination fees. The Company’s primary performance obligation under the franchise agreements is granting rights to use the Company’s intellectual property over the term of the franchise agreement. Initial franchise fees are not a service distinct from the overall initial franchise right performance obligation and are therefore recognized on a straight-line basis over the franchise agreement term.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Revenue Recognition: (Continued)

Other Revenues

Other revenues consist primarily of rebates and product sales revenues. Rebates received from third-party vendors in return for the Company maintaining a buying program that connects the vendors with the Company's franchise customers are recognized as revenue as they become due, which is generally on a quarterly basis. Rebates are calculated as a percentage of third-party sales. The Company sells products to franchisee customers. The Company acts as an agent in respect of certain third-party products that are sold through the Company's online platforms. The Company has no inventory risk on these products as they are dropped shipped to the franchisees and the third-party vendor are primarily responsible for fulfilling the orders.

Cash and Cash Equivalents:

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, such as money market accounts. The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Accounts Receivable and Allowance for Doubtful Accounts:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Uncollectible accounts are written off against the allowance when collection of the amounts appears doubtful. As of December 31, 2022, there was no allowance for doubtful accounts and no accounts were written off during the year.

Property and Equipment:

Property and equipment are carried at cost less accumulated depreciation and includes expenditures, which substantially increase the useful lives of existing property and equipment. Maintenance and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on the disposition is credited or charged to income. Depreciation is computed using the straight-line method based on the estimated useful lives of the individual assets. Depreciation expense for the year ended December 31, 2022 was \$0.

Use of Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Taxes:

The Company is a limited liability company and is not subject to federal or state income taxes. Accordingly, no provision has been made for federal or state income taxes since these taxes are the responsibility of individual members. The Company utilizes a two-step approach for recognizing and measuring uncertain tax positions accounted for in accordance with the asset and liability method. The first step is to evaluate the tax position for recognition by determining whether evidence indicates that it is more likely than not that a position will be sustained if examined by a taxing authority. The second step is to measure the tax benefit as the largest amount that is 50% likely of being realized upon settlement with a taxing authority. There were no amounts recorded at December 31, 2022 related to uncertain tax positions.

Advertising:

The Company expenses advertising production costs as they are incurred and advertising communications costs the first time the advertising takes place.

Date of Management's Review:

The Company has evaluated subsequent events through April 28, 2023, the date the financial statements were available to be issued. No events have occurred as of April 28, 2023, that would require adjustment to, or disclosure in, the financial statements.

NOTE 3—RELATED PARTY TRANSACTIONS

Included in Due to other organizations are amounts due to the Company's parent of \$20,000, \$8,627, and \$4,300.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Purvelo Franchising LLC

Balance Sheet

As of March 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Cash	
1003 Bill.com Money Out Clearing	0.00
1004 Purvelo Franchising, LLC - Carter Bank	0.00
Total 1000 Cash	0.00
1001 Purvelo Franchising, LLC - AUB	-446.02
Total Bank Accounts	\$ -446.02
Accounts Receivable	
1100 Accounts Receivable	502.77
Total Accounts Receivable	\$502.77
Total Current Assets	\$56.75
Other Assets	
1900 Due from (to) Affiliates	
1908 Due from (to) Extraordinary Brands	-986,840.58
Total 1900 Due from (to) Affiliates	-986,840.58
Total Other Assets	\$ -986,840.58
TOTAL ASSETS	\$ -986,783.83
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	0.00
Total Accounts Payable	\$0.00
Other Current Liabilities	
2100 Accrued Expenses	
2110 Payroll Liabilities	
2111 Federal Taxes (941/943/944)	-450.56
2112 Federal Unemployment (940)	0.00
2115 WA Paid Family and Medical Leave Tax	-107.87
2116 WA SUI Employer	-1,075.00
2117 WA Workers Compensation	0.00
Purvelo Franchising, LLC	202.40
Total 2110 Payroll Liabilities	-1,431.03
Total 2100 Accrued Expenses	-1,431.03
2200 Deferred Revenue	
2201 Initial Franchise Fees	7,200.00

Purvelo Franchising LLC

Balance Sheet

As of March 31, 2024

	TOTAL
Total 2200 Deferred Revenue	7,200.00
Direct Deposit Payable	0.00
Payroll Liabilities	
Federal Taxes (941/943/944)	12,429.44
Federal Unemployment (940)	120.28
FL Unemployment Tax	189.00
Medical Insurance	4,900.32
VA Income Tax	2,729.50
VA SUI Employer	152.97
WA Paid Family and Medical Leave Tax	0.00
WA SUI Employer	0.00
WA Workers Compensation	0.00
Total Payroll Liabilities	20,521.51
Total Other Current Liabilities	\$26,290.48
Total Current Liabilities	\$26,290.48
Long-Term Liabilities	
2600 Non-Current Deferred Revenue	
2601 Initial Franchise Fees	60,900.00
Total 2600 Non-Current Deferred Revenue	60,900.00
Total Long-Term Liabilities	\$60,900.00
Total Liabilities	\$87,190.48
Equity	
3002 Partner distributions	-336,945.14
3003 Partner investments	30,100.00
3004 Retained Earnings	-676,516.68
Net Income	-90,612.49
Total Equity	\$ -1,073,974.31
TOTAL LIABILITIES AND EQUITY	\$ -986,783.83

Purvelo Franchising LLC

Profit and Loss January - March, 2024

	TOTAL
Income	
4100 Franchise Service Fees	
4110 Royalties	9,194.83
4130 Technology Fees	6,110.00
4140 Ad Fund Fees	3,064.94
Total 4100 Franchise Service Fees	18,369.77
Total Income	\$18,369.77
GROSS PROFIT	\$18,369.77
Expenses	
5001 Franchise Service Expenses	
5200 Departmental Expenses	
5240 Software Licenses	49.99
5250 Travel	9,557.68
5290 Other	159.00
Total 5200 Departmental Expenses	9,766.67
Total 5001 Franchise Service Expenses	9,766.67
5401 Franchise Sales Expenses	
5600 Departmental Expenses	
5630 Professional Fees	14,000.00
5640 Software Licenses	188.70
5692 Broker Networks	850.00
5693 Broker Shows	498.00
Total 5600 Departmental Expenses	15,536.70
Total 5401 Franchise Sales Expenses	15,536.70
5701 Gen & Adm Expenses	
5900 Departmental Expenses	
5940 Software Licenses	330.00
5993 Office	127.60
5996 Bank Fees	1,014.62
Total 5900 Departmental Expenses	1,472.22
Total 5701 Gen & Adm Expenses	1,472.22
Payroll expenses	
Company Contributions	
Health Insurance	1,633.44
Total Company Contributions	1,633.44
Taxes	6,210.11
Wages	74,123.12
Total Payroll expenses	81,966.67

Purvelo Franchising LLC

Profit and Loss

January - March, 2024

	TOTAL
Reimbursements	240.00
Total Expenses	\$108,982.26
NET OPERATING INCOME	\$ -90,612.49
NET INCOME	\$ -90,612.49

Purvelo Franchising LLC

Balance Sheet

As of June 30, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Cash	
1003 Bill.com Money Out Clearing	0.00
1004 Purvelo Franchising, LLC - Carter Bank	0.00
Total 1000 Cash	0.00
1001 Purvelo Franchising, LLC - AUB	-446.02
Purvelo Franchising, LLC-1	-10,153.44
Total Bank Accounts	\$ -10,599.46
Accounts Receivable	
1100 Accounts Receivable	-3,036.93
Total Accounts Receivable	\$ -3,036.93
Total Current Assets	\$ -13,636.39
Other Assets	
1900 Due from (to) Affiliates	
1908 Due from (to) Extraordinary Brands	-1,150,563.05
Total 1900 Due from (to) Affiliates	-1,150,563.05
Total Other Assets	\$ -1,150,563.05
TOTAL ASSETS	\$ -1,164,199.44
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	10,513.65
Total Accounts Payable	\$10,513.65
Other Current Liabilities	
2100 Accrued Expenses	
2110 Payroll Liabilities	
2111 Federal Taxes (941/943/944)	-450.56
2112 Federal Unemployment (940)	0.00
2115 WA Paid Family and Medical Leave Tax	-107.87
2116 WA SUI Employer	-1,075.00
2117 WA Workers Compensation	0.00
Purvelo Franchising, LLC	-10,078.27
Total 2110 Payroll Liabilities	-11,711.70
Total 2100 Accrued Expenses	-11,711.70
2200 Deferred Revenue	
2201 Initial Franchise Fees	7,200.00

Purvelo Franchising LLC

Balance Sheet

As of June 30, 2024

	TOTAL
Total 2200 Deferred Revenue	7,200.00
Direct Deposit Payable	0.00
Payroll Liabilities	
CA PIT / SDI	117.08
Federal Taxes (941/943/944)	22,915.10
Federal Unemployment (940)	444.24
FL Unemployment Tax	0.00
GA Income Tax	561.33
MD Income Tax	19.47
Medical Insurance	5,989.28
NE Income Tax	520.26
NJ Income Tax	0.00
NYS Income Tax	1.07
PA Income Tax	132.84
VA Income Tax	5,320.10
VA SUI Employer	-142.40
WA Paid Family and Medical Leave Tax	0.00
WA SUI Employer	0.00
WA Workers Compensation	0.00
Total Payroll Liabilities	35,878.37
Total Other Current Liabilities	\$31,366.67
Total Current Liabilities	\$41,880.32
Long-Term Liabilities	
2600 Non-Current Deferred Revenue	
2601 Initial Franchise Fees	60,900.00
Total 2600 Non-Current Deferred Revenue	60,900.00
Total Long-Term Liabilities	\$60,900.00
Total Liabilities	\$102,780.32
Equity	
3002 Partner distributions	-336,945.14
3003 Partner investments	30,100.00
3004 Retained Earnings	-676,516.68
Net Income	-283,617.94
Total Equity	\$ -1,266,979.76
TOTAL LIABILITIES AND EQUITY	\$ -1,164,199.44

Purvelo Franchising LLC

Profit and Loss

April - June, 2024

	TOTAL
Income	
4100 Franchise Service Fees	
4110 Royalties	7,159.02
4130 Technology Fees	6,110.00
4140 Ad Fund Fees	2,386.37
Total 4100 Franchise Service Fees	15,655.39
Total Income	\$15,655.39
GROSS PROFIT	\$15,655.39
Expenses	
5001 Franchise Service Expenses	
5200 Departmental Expenses	
5210 Contractors	1,000.00
5240 Software Licenses	224.89
5250 Travel	5,491.27
5290 Other	318.00
Total 5200 Departmental Expenses	7,034.16
Total 5001 Franchise Service Expenses	7,034.16
5401 Franchise Sales Expenses	
5600 Departmental Expenses	
5640 Software Licenses	188.70
5650 Travel	952.91
Total 5600 Departmental Expenses	1,141.61
Total 5401 Franchise Sales Expenses	1,141.61
5701 Gen & Adm Expenses	
5800 Personnel Costs	
5810 Salaries	162,348.60
5850 Payroll Taxes	12,761.97
5860 Health Benefits	544.48
Total 5800 Personnel Costs	175,655.05
5900 Departmental Expenses	
5930 Professional Fees	10,513.65
5940 Software Licenses	1,002.00
5950 Travel	259.34
5996 Bank Fees	576.58
Total 5900 Departmental Expenses	12,351.57
Total 5701 Gen & Adm Expenses	188,006.62
Reimbursements	12,478.45
Total Expenses	\$208,660.84
NET OPERATING INCOME	\$ -193,005.45
NET INCOME	\$ -193,005.45

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Secretary of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance - Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501-3185
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703

EXHIBIT C

LIST OF CURRENT FRANCHISEES

CURRENT FRANCHISEES

Franchisee	Address	Phone Number	State
Maxine Clifford	235 Oconee Street J Athens, GA 30601	(706) 614-8925	GA
Maxine Clifford	1000 W Main Street Charlottesville, VA 22903	(434) 987-0843	VA

FORMER FRANCHISEES

NONE.

EXHIBIT D

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Operations Manual



Franchise Operations Manual



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FRANCHISE AGREEMENT WITH ATTACHMENTS

FRANCHISE AGREEMENT

between

PURVELO FRANCHISING, LLC

and

FRANCHISEE

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PURVELO FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the date set forth on Exhibit E-1 attached hereto (the “**Effective Date**”) (Exhibit E-1 and all other exhibits hereto are incorporated herein by this reference) by and between Purvelo Franchising, LLC, a limited liability company organized under the laws of Virginia with its principal place of business at the address set forth on Exhibit E-1 hereto (“**Franchisor**”), and the person or entity identified on Exhibit E-1 as the franchisee (“**Franchisee**”).

RECITALS

WHEREAS, Franchisor, through its expenditure of time, effort and money, has established a system of opening, operating and promoting businesses (the “**Purvelo Business**,” “**Business**,” or the “**Studio**”) that provide boutique cycle spin studio and fitness class offerings, under the name “Purvelo,” using equipment, tools, materials, methods, procedures, and the quality standards as specified in the Purvelo Brand Standards Manual and/or Operations Manual (collectively referred to herein as the “**Manuals**”) (as defined below) as amended from time to time (the “**System**”);

WHEREAS, the System is identified by certain trade names, trademarks, service marks, logos, emblems, insignia, and signs developed for use, including the service mark “Purvelo” and the Purvelo logo and design as Franchisor now designates and may hereafter designate in connection with the System (collectively, the “**Marks**”);

WHEREAS, Franchisee recognizes the value and benefits to be derived from utilizing the System and desires to own and operate a Purvelo franchise in a manner that is consistent with, and will promote, Franchisor’s standards of quality and goodwill, and Franchisor, in reliance on the representations made by Franchisee, is willing to provide certain training, materials, equipment and ongoing assistance relating to the System (“**Approved Products and/or Services**”) and to grant Franchisee the right to operate a Purvelo Business under the terms and conditions hereinafter set forth, which terms are acceptable to Franchisee and are acknowledged by the parties to be material and reasonable.

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee hereby agree as follows:

1. GRANT OF FRANCHISE

1.1 Grant of Franchise. During the term of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right and license, and Franchisee undertakes the obligation, to develop and operate a Purvelo Business and to use solely in connection therewith, the Marks and the System in accordance with the terms and conditions of this Agreement only within the Designated Market Area (as defined below) and only at a Site (a “**Site**”). Franchisee agrees to use the Marks and System, as they are changed, improved and further developed by Franchisor from time to time. Unless otherwise agreed to in writing by Franchisor, Franchisee has twelve months from the Effective Date to complete the initial training as required by Section 13.1 and to commence operation of the Business. If Franchisee fails to complete initial training and commence operation of the Business within this time period, Franchisor may terminate this Agreement, as provided in Sections 19.2, below. Franchisee must obtain Franchisor’s written approval prior to commencing operation of the Business.

1.2 Site Approval. Franchisor will assist Franchisee in connection with site selection by: (i) providing Franchisee with its then-current site selection criteria, to the extent such criteria has been reduced to writing; and (ii) providing Franchisee with access to a real estate broker that is familiar with Franchisor's confidential site evaluation criteria, to the extent Franchisor has established relationships with such brokers in or around the Designated Market Area (as defined in Section 2.1 below). Franchisor will use commercially reasonable efforts to approve or reject a proposal for a Site within 30 days of the date Franchisor receives all reasonably-requested information regarding the proposed site. Franchisor's approval of the proposed site shall be deemed to be a binding addendum to this Agreement upon Franchisor and Franchisee's execution of Exhibit E-1-A, which is attached hereto and incorporated herein by reference, and which will set forth the Site. Franchisor agrees not to unreasonably withhold approval of a site that meets its site criteria. Franchisee acknowledges that Franchisor's approval of a proposed site is permission only and not an assurance or guaranty to Franchisee of the availability, suitability, or success of a location, and cannot create a liability for Franchisor. While Franchisor will provide site selection assistance as specified herein, Franchisee alone is ultimately responsible for selecting and developing an acceptable location for the Studio. Franchisee agrees to hold Franchisor harmless with respect to the selection of the Site by Franchisee. Franchisee must obtain lawful possession of a Site by lease, purchase, or other method and open for regular, continuous business within six (6) months of the date that Franchisor accepts this Agreement.

1.3 Site/ Designated Market Area. If the Site for the Studio has not been agreed upon prior to the date this Agreement is executed, then Franchisor will specify a non-exclusive Site Selection Area in which Franchisee may locate the Site. The Site Selection Area is not exclusive and is only intended to give Franchisee a general indication of the area within which Franchisee may locate the Site for the Studio. If Franchisor accepts the proposed Site and Franchisee secures it, the Site will be added to Exhibit E-1-A area ("**Site Selection Area**"). Once the Site for the Studio has been identified in the Site Addendum, attached hereto as Exhibit E-1-A, Franchisor agrees that, so long as Franchisee is in good standing, neither it nor its affiliates will operate or establish, or authorize another Purvelo franchisee to operate or establish, a Studio using the Purvelo System or Marks from a physical location within a certain geographical area surrounding the Site ("**Designated Market Area**"). The Designated Market Area, if any, will be defined in Exhibit E-1-A, hereto.

1.4 Site Selection and Lease Negotiations. Franchisor will review each site that the Real Estate Project Manager (defined below), broker or Franchisee identifies and determine whether to accept it using Franchisor's proprietary site selection assistance criteria, which may include evaluations of the proposed site by third-party site selection assistance software. Franchisee is responsible for the on-site evaluation of the proposed sites. If Franchisor determines that it is necessary for Franchisor to provide on-site evaluation assistance, Franchisor will charge Franchisee a site selection fee (currently, \$500 per each of Franchisor's employees or agents for each full or partial day, plus travel and living expenses). Franchisee must secure a site that Franchisor has accepted by signing a site lease or purchase agreement within 120 days after the effective date of this Agreement (the "**Site Acquisition Deadline**"). Franchisor may extend this Site Acquisition Deadline in its sole discretion, and Franchisor may require Franchisee to execute a general release as a condition of Franchisor agreeing to grant such extension. If Franchisee does not secure a site for the Studio that Franchisor accepts by the Site Acquisition Deadline, Franchisor may terminate this Agreement.

1.5 Unit Development and Opening. Franchisor shall consult and advise Franchisee on the proper display of the Marks, layout and design, procurement of cycling/fitness equipment, ergometers, free weights and other equipment, furniture, fixtures, initial inventories, recruiting personnel, and managing construction or remodeling of the Studio. After Franchisee has executed a lease for the Site, Franchisor shall deliver to Franchisee specifications and standards for building, equipment, furnishings, fixtures, layout, design, and signs relating to the Site and shall provide reasonable consultation in connection with the development of

the Studio. Franchisee must employ a qualified licensed architect, specified and/or approved by Franchisor, as required by state or local codes, to provide notice to Franchisor of Franchisee's general contractor, to prepare all drawings, designs, plans and specifications for the Studio ("**Plans**"), and submit same to Franchisor for review and approval prior to commencing construction. After receiving Franchisor's written approval of the Plans and Franchisee's general contractor, complete the initial buildout or remodeling of the Studio in full and strict compliance with Plans and specifications approved by Franchisor in the Manuals or elsewhere in writing, and in compliance with all applicable ordinances, building codes and permit requirements. Franchisor may require Franchisee to engage at Franchisee's own expense a real estate project manager (the "**Real Estate Project Manager**") that Franchisor designates to manage and lead real estate brokerage services, site selection counseling, and other assistance that the Real Estate Project Manager considers necessary and appropriate. Franchisor will approve the Studio opening, provided (i) Franchisor has viewed the certificate of occupancy, (ii) confirmed that Franchisee has complied with the Plans, and (iii) confirmed that Franchisee has complied with the pre-opening obligations set forth in this Agreement and has done so in accordance with the System standards as set forth in the Manuals. Franchisee must complete construction of and open the Studio for business no later than 180 days after Franchisor accepts the site and no later than 365 days after the Effective Date (the "**Opening Deadline**"), unless Franchisor grants an extension in writing. Franchisor may, in its sole discretion, extend the Opening Deadline, which Franchisor may condition on Franchisee agreeing to pay an extension fee of \$2,500 for each month (or portion of a month) for which the Opening Deadline is extended and Franchisee executing a general release. Franchisee may not open the Studio until Franchisee has received Franchisor's written approval, which Franchisor will not provide until (i) Franchisor has viewed the certificate of occupancy, (ii) confirmed that Franchisee has complied with the Plans, and (iii) confirmed that Franchisee has complied with the pre-opening obligations set forth in this Agreement and has done so in accordance with the System Standards as set forth in the Manuals. Franchisee must open the Studio for business to the public within ten days from the date Franchisor gives its written approval. Time is of the essence in constructing the premises for and opening the Studio.

1.6 Training Requirements and Remedies. Franchisee agrees and acknowledges that the following training obligations and requirements must be strictly complied with and adhered to at all times during the Term:

A. Initial Training Requirements. Prior to opening the Studio, Franchisee must ensure that: (i) Franchisee (or, if an entity, its Designated Operator) completes the initial training program; (ii) any and all initial instructors that will provide the Approved Services at the Studio successfully complete Instructor Training and related testing, described more fully below, as required for such instructors to become a cycling instructor that is authorized to provide the cycling classes and certain other Approved Services at the Studio (each, an "**Authorized Instructor**"); and (iii) if Franchisee has engaged a Key Manager as described more fully in Section 1.6.A.1 of this Agreement, such Key Manager has completed the module of Franchisor's initial training program designed for this kind of manager (the "**Key Manager Training**").

1. Operating Principal and Key Manager. Franchisee must appoint an individual owner as the Operating Principal who must have authority over all business decisions related to the Studio and must have the power to bind Franchisee in all dealings with Franchisor. In addition, Franchisee must appoint a manager to manage the day-to-day business of the Studio (the "**Key Manager**"). The Operating Principal may serve as the Key Manager, unless Franchisors believe that he or she does not have sufficient experience or qualifications. The Operating Principal must be directly involved in the day-to-day operation and management of the Studio. The Operating Principal and Key Manager (if known at the time of signing) shall be listed on Exhibit E-1. Franchisee must provide Franchisor with written notice of the Operating Principal and Key Manager(s) at least 60 days prior to opening and may not change either the Operating Principal or Key Manager without Franchisor's prior written approval.

2. Owner and Key Manager Training. The Owner Training and Key Manager Training will typically be provided at one (1) of Franchisor's corporate training locations located in Virginia or another designated Studio, and Franchisee will be responsible for all costs and expenses associated with attending these modules. Unless Franchisee is acquiring and assuming an existing franchise from another System franchisee, Franchisor will provide the training modules tuition-free, as long as the two (2) individuals attend at the same time prior to the opening of the Studio. Otherwise, Franchisor reserves the right to charge its then-current Training Fee for initial training to any other individuals that wish to attend these modules.

3. Instructor Training for Initial and Subsequent Instructors. In order to provide the Approved Services at the Studio, all prospective initial instructors must complete Instructor Training and related testing to become an Authorized Instructor. All subsequent instructors must either: (i) complete Instructor Training; or (ii) provide Franchisor with certain prescribed videos that Franchisor will review and evaluate, at its then-current fee, to determine whether the candidate is able to provide the Approved Services in accordance with System standards. Instructor Training will typically be provided on-site at a Studio that is owned by another franchisee (a "**Franchisee Studio**") or one (1) of our affiliates (a "**Corporate Studio**"). In the event a subsequent instructor completes Instructor Training at a Franchisee Studio, then Franchisor reserves the right to have one (1) of its master trainers (each, a "**Master Trainer**") review the instructor's testing results before approving that individual to serve as an Authorized Instructor and provide Approved Services from the Studio. Franchisee, or the instructor at issue, will be required to (a) pay the Instructor Training Tuition for each prospective subsequent instructor that attends Instructor Training, and (b) cover the related costs and expenses associated with attending and completing Instructor Training at a Studio that is authorized to provide Instructor Training (as described more fully in this Agreement). Franchisor recommends that at least one (1) of the Initial Instructors at the Studio attend Instructor Training around the same time that the Owner Training is completed by Franchisee. Any and all individuals that wish to attend Instructor Training must execute a prescribed form of agreement wherein that individual agrees to: (i) not disclose or use the confidential or proprietary portions of Instructor Training for any competitive purpose during and after that individual's employment with Franchisee; and (ii) not to solicit existing or prospective customers of the Franchisee's Studio during their employ or engagement with Franchisee and for a period of two (2) years thereafter.

4. Remote Instruction. Franchisor reserves the right to provide, and require that Franchisee or other required trainee, participate in and complete portions of the training described in this Section that are provided remotely via the Internet that permits the Franchisor to determine whether Franchisee and/or other required trainee is actively participating in the webinar or other instruction at issue.

5. Remedies for Non-Compliance. If any of the individuals described in this Section fail to successfully complete the applicable training required by this Section before the time Franchisee is required to open the Studio hereunder, Franchisor may terminate this Agreement upon written notice to Franchisee. In the event Franchisee permits (a) anyone other than an Authorized Instructor to provide the Approved Services from the Studio, or (b) the Studio to be open and operating without an Authorized Instructor on-site at the Studio, Franchisor may default Franchisee as set forth in this Agreement. Franchisor, as part of its right to inspect and audit the operations of the franchised business on an ongoing basis, may require that Franchisee demonstrate that all required personnel have participated in and successfully completed Instructor Training or been otherwise approved by Franchisor. If Franchisee fails to comply, Franchisor reserves the right to charge Franchisee its then-current non-compliance fee ("**Non-Compliance Fee**") for each day that Franchisee permits anyone other than a Authorized Instructor to provide any Approved Services or related instruction in connection with the Studio.

6. Requirements Prior to Attending Initial Training. Before Franchisor will approve or schedule Franchisee (or any of Franchisee's initial instructors) to attend any portion of the Owner Training or Key Manager training of the initial training program, Franchisee must: (i) submit, and obtain our approval of,

the grand opening advertising spend associated with the Studio; (ii) demonstrate that all applicable amounts in connection with that plan have been prepaid; (iii) undertake all steps to establish the EFT Account to use in connection with the Studio, including ensuring that both Franchisor and its designee have all authorizations and approvals necessary to access this EFT Account; (iv) demonstrate that all required insurance policies are in place and that such policies name Franchisor and our designees as additional insureds; and (v) provide Franchisor with completed and signed copies of all exhibits to the Franchise Agreement, to the extent such exhibits have not been signed or need to be updated/completed.

B. Discretionary On-Site Assistance. Around the time the Studio is opening, Franchisor may, at Franchisor's sole discretion, send one (1) or more representatives to the Studio to (i) provide assistance and recommendations regarding the opening and initial operations of the Studio, and/or (ii) provide additional or refresher training associated with the Owner Training and/or Instructor Training, all as Franchisor determines appropriate in its discretion (collectively, the "Discretionary On-Site Assistance"). In the event Franchisor notifies Franchisee that it will be providing the Discretionary On-Site Assistance, such assistance typically lasts one (1) to two (2) days and Franchisee must ensure that Franchisee (or its Designated Operator), all management personnel and Authorized Instructors are in attendance at the Studio during those days.

C. Ongoing/Refresher Training. Franchisor may provide, and require that Franchisee as well as any of its management personnel attend, up to five (5) days of additional training each year at a training facility that Franchisor designates. Franchisee may also request that Franchisor provide certain additional or refresher training to Franchisee, either at one (1) of Franchisor's designated training facilities or on-site at Franchisee's Studio, but Franchisor reserves the right to charge Franchisee its then-current Training Fee based in connection with any training that Franchisor provides at Franchisee's request. Such training will be provided subject to the availability and schedules of Franchisor's training personnel.

D. Remedial Training. If Franchisor determines that Franchisee is operating the franchised business in a manner that is not consistent with the terms of this Agreement or the Manuals, or if Franchisee is otherwise in material default of this Agreement, Franchisor may also require that Franchisee, its Key Manager (if applicable) and/or certain Authorized Instructors of the Studio attend and complete up to five (5) additional days of training at (a) Franchisor's designated training facility, (b) the Studio, or (c) other location Franchisor designates, that is designed to address the default or other non-compliance issue (the "Remedial Training"). Franchisor may require Franchisee and its designated trainees to pay Franchisor its then-current Training Fee in connection with attending Remedial Training.

E. Costs and Expenses. Franchisee will be responsible for the costs and expenses associated with Franchisee and its personnel attending and completing all of the training described in this Section, including without limitation, any costs related to travel, lodging, meals and (if appropriate) wages/compensation for personnel. Franchisor reserves the right to charge a fee in connection with any Remedial Training or (a) any additional training Franchisor provides to an Authorized Instructor of the Studio, (b) re-training or replacement training with regards to the portions of the initial training that are designed for the franchise owner and/or Key Manager, (c) any training Franchisor requires Franchisee to complete to cure a default under this Agreement, (d) training that Franchisee requests (other than the kind of day-to-day assistance described below), or (e) training Franchisor provides on-site at the Studio. Franchisor will not charge any training fee in connection with minor, day-to-day assistance that it provides remotely over the phone or via email, subject to its availability.

2. TERRITORY

2.1 Designated Market Area. Franchisee shall only have the right to use the Marks and the System in the residential geographic area described on Exhibit E-1 attached hereto. The Designated Market Area may be anywhere from two (2) blocks to two (2) miles around your Studio location depending on (i) the population density and other demographics of the area, (ii) any existing territorial rights granted in connection with existing Studios, and (iii) whether your location is considered part of a major metropolitan area, other downtown area or similar situated central business district that has a large “working population” during relevant operating hours for surrounding businesses (referred to as a “**Central Business District**”).

The size of your Designated Market Area may vary from the area granted to other franchisees based on the location and demographics surrounding your Studio. Your Designated Market Area may not be comprised of a typical radius around your Studio location if such a radius would encompass the location of another previously developed Studio.

The boundaries of your Designated Market Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources we use to determine the population within your Designated Market Area will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Franchisee shall not promote the Business outside of the Designated Market Area, except in cooperation with other franchisees of Franchisor as specified in Section 11.4 herein, nor may Franchisee provide any Purvelo services at any location outside the Designated Market Area, except with the written permission of Franchisor (and if such permission is granted, such permission shall not be deemed to grant Franchisee general, ongoing, or permanent rights to service that customer or other customers outside of the Designated Market Area). Franchisee agrees to open only one (1) Business within the Designated Market Area, and further agrees not to relocate the Business within the Designated Market Area without prior written consent from Franchisor. The location of the Business shall either be Franchisee’s home office or an office location selected by Franchisee and approved by Franchisor.

2.2 Territorial Protection. As long as Franchisee is in compliance with this Agreement and except as described in Section 2.3 below, Franchisor will not operate, or grant a license to a third-party to operate, during the Term, a Purvelo Studio located within the Designated Market Area. Moreover, Franchisor agrees that Franchisor will refer to Franchisee all requests for System services to be provided at physical locations within the Designated Market Area. Except as provided herein, Franchisee has no exclusive territorial rights, Designated Market Area or other right to exclude, control or impose conditions on Franchisor’s activities or on the location, development, or operation of other or future franchises under the Marks.

2.3 Reservation of Rights. Franchisor retains the right, in its sole discretion, to:

- A. own and operate, and license to others the right to own and operate Purvelo Businesses outside of the Designated Market Area using the Marks or any other marks Franchisor may designate;
- B. own and operate and license to others the right to own and operate similar businesses inside or outside of the Designated Market Area under different marks;
- C. use the Marks and System in connection with conducting marketing and promotional activities within or outside of the Designated Market Area;

D. use the Marks and System to offer services and products, or related items, in alternative channels of distribution, including the sale of goods or services through wholesale and retail stores, via the Internet, through mail order catalog, and via direct marketing through telephone, television, or radio within or outside of the Designated Market Area;

E. develop or become associated with other concepts (including dual branding relationships and/or operation of other franchise systems), whether or not using the System and/or the Marks, and award franchises under other concepts for locations anywhere;

F. acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, and in the event that such transaction involves the operation or license of a business in the Designated Market Area, may include the conversion such a business to one operated under the Marks and the System; and

G. engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

3. TERM AND RENEWAL

3.1 Initial Term. Unless terminated earlier in accordance with the terms and conditions set forth herein, this Agreement and the franchise granted hereunder shall have an initial term of ten (10) years commencing on the Effective Date (the “**Initial Term**”).

3.2 Renewal. Upon the expiration of the initial Term, if Franchisee complies with this Section 3.2, Franchisee may, at its option, obtain three (3) additional consecutive successor terms of five (5) years each (each, a “**Successor Term**”). The initial Term and Successor Terms are referred collectively in this Agreement as the “**Term.**” Franchisee may only exercise this right to obtain a Successor Term by:

(a) giving Franchisor written notice of Franchisee’s desire to obtain a successor License at least six, but no more than 12, months before the expiration of the then-current initial Term or Successor Term;

(b) delivering to Franchisor a fully executed franchise agreement Franchisor’s then-current form of franchise agreement, which Franchisee acknowledges may contain terms materially different than those contained in this Agreement, including, but not limited to, (i) higher rates of Royalty and Fund fees (as herein defined) and other fees and charges and (ii) a modified Designated Market Area;

(c) refurbishing or renovating the Studio, at Franchisee’s expense, to conform the decor, color schemes, storefront, signage, and presentation of the Marks to Franchisor’s then-current image and, if necessary, in Franchisor’s sole opinion, to update and replace the equipment, furniture, signage, and fixtures to meet then-current specifications;

(d) executing a general release, in a form Franchisor prescribes, of any and all claims against Franchisor, its affiliates, and its and their past, present, and future officers, directors, shareholders, and employees arising out of, or relating to, the Studio;

(e) completing, and having the Operating Principal and Key Manager complete, all of then-current training requirements, including any additional training that Franchisor may require;

(f) securing the right from Franchisee's landlord to continue operating at the Site for the remainder of such Successor Term;

(g) substantially and timely complying with each provision of this Agreement or any other agreement with Franchisor, its affiliates, or Franchisee's landlord throughout the then-current term and having committed no default of this Agreement, or event which with the giving of notice and/or passage of time would constitute a default, in existence as of the expiration of the then-current term; and

(h) paying to Franchisor the successor fee equal to \$10,000 ("Successor Fee").

3.3 Failure to Renew. Franchisee's failure or refusal to comply with any of the conditions to execute a renewal Franchise Agreement stated in this Agreement will be interpreted as a conclusive, irrevocable election on Franchisee's part not to enter into a renewal Franchise Agreement. The relationship between Franchisor and Franchisee during the successive period(s) will be governed by the provisions of Franchisor's then current successor Franchise Agreement, including those pertaining to fees due under this Agreement, advertising, competitive protection, and the Brand Standards Manual. Whether or not Franchisee actually signs a then current renewal Franchise Agreement, Franchisee will be conclusively presumed to have assented to and to have agreed to be bound by its terms by continuing to operate the Business for one (1) day past the Initial Term's (or then current renewal term's) expiration date. If Franchisee does not qualify to enter into a renewal Franchise Agreement, or elects not to do so, immediately after expiration of the Initial Term (or then current renewal term), Franchisee must comply with the post-termination requirements of this Agreement, and Franchisor will have the post-termination rights and remedies provided in this Agreement.

4. FEES

4.1 Franchise Fee. Upon signing this Agreement, Franchisee shall pay to Franchisor by wire transfer a franchise fee, as identified on Exhibit E-1. (the "**Franchise Fee**"). The Franchise Fee shall be fully earned by Franchisor and shall be nonrefundable, when paid, and is made in consideration of (i) the administrative and other expenses incurred by Franchisor in entering into this Agreement, (ii) Franchisor's lost or deferred opportunity to enter into this Agreement with others, and (iii) Franchisor's execution of this Agreement.

4.2 Royalties. During the term of this Agreement, Franchisee shall pay to Franchisor a non-refundable royalty (the "**Royalty**," "**Royalty Fee**," or "**Royalties**") equal to the greater of (i) six percent (6%) of Gross Sales, or (ii) two-hundred fifty dollars (\$250) per week (the "**Minimum Weekly Royalty**").

A. Royalties are due and payable weekly throughout the entire term of this Agreement, commencing on the earlier of Franchisee's graduation and/or completion of training or a date sixty (60) days after the Effective Date, even if the Business has no revenue. Franchisor has the right to change the payment due date or change the frequency of payment so long as Franchisor provides Franchisee at least sixty (60) days advance notice of such changes.

B. If, at any time, a state or other governmental authority imposes a tax on the Gross Sales or any other service receipts of Franchisor (but excluding any tax based on Franchisor's net income), the Royalty Fee shall be increased so that the net Royalties payable to Franchisor, after payment of such tax, shall equal to the applicable rate charged of Franchisee's Gross Sales.

C. Franchisor and Franchisee agree that the Royalties described herein shall be in consideration of Franchisee's use, pursuant to this Agreement, of such business processes, trade secrets, know-how, trade names, trademarks, service marks, logos, emblems, trade dress and the intellectual property identified from time to time by Franchisor as comprising the System. Franchisee acknowledges and agrees that its

obligation to pay the Royalties described herein shall not be predicated or conditioned upon the validity of any trademark or copyright claimed by Franchisor and used in the System. Franchisee acknowledges and agrees that no portion of the Royalties shall be attributable to any specific item of intellectual property, such as a copyright or trademark, as distinct from the System.

4.3 Marketing Fund Contribution. Beginning on the date prescribed in Section 4.2.A above, Franchisee shall pay weekly to Franchisor an advertising fee in an amount specified by Franchisor (“**Marketing Fund Contribution**”), which shall not exceed two percent (2%) of the preceding week’s Gross Sales.

4.4 Definition of Gross Sales. As used in this Agreement, “**Gross Service Sales**” means the total of all monies and receipts derived by Franchisee from sale of services in connection with the Business, and from all other business using the Marks, whether evidenced by cash, credit, check, gift certificate, gift card, script or other property or services, including (without limitation) all proceeds received from any business interruption insurance policy. As used in this Agreement, “**Gross Product Sales**” means the total of all monies and receipts derived by Franchisee from sale of products in connection with the Business, and from all other business using the Marks, whether evidenced by cash, credit, check, gift certificate, gift card, script or other property or services. Collectively, Gross Service Sales and Gross Product Sales are “**Gross Sales**”. Gross Sales does not include (i) promotional allowances or rebates paid to Franchisee in connection with its purchase of products or supplies; (ii) sales, use, merchants’ or other taxes measured on the basis of the gross revenues of the Business imposed by governmental authorities directly on sales or use and collected from customers, provided that the taxes are added to the selling price of Franchisee’s goods and services and are in fact paid by Franchisee to the appropriate governmental authorities; or (iii) the value of any coupons duly issued and approved by Franchisor, or any bona fide discounts or customer refunds approved by Franchisor. For purposes of reporting Gross Sales, all revenues must be recorded upon receipt and any approved refunds to customers shall be deducted from revenues when the refund is tendered.

4.5 Technology Setup Package. Franchisee shall pay Franchisor five thousand dollars (\$5,000) upon signing this Agreement for the technology setup package which includes Franchisor’s assistance in setting up the studio management technology, required software, and other technology platforms to be use in the operation of the Studio.

4.6 Technology Fee. Beginning on the date prescribed in Section 4.2.A above, Franchisee shall pay Franchisor or an approved supplier a Technology Fee of two-hundred thirty-five dollars (\$235) per week (the “**Technology Fee**”), which may be modified by Franchisor upon providing notice to Franchisee.

4.7 Relocation Fee. We reserve the right to assess a relocation fee of five thousand dollars (\$5,000) at the time you submit a relocation proposal for your Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.

4.8 Non-Compliance Fee. Franchisor may charge \$100 per day for any non-compliance with the System, as detailed in the Manuals and in Training. The Non-Compliance Fee may be charged in Franchisor’s sole discretion.

5. PAYMENTS OF FEES; LATE PAYMENT

5.1 Payment of Fees. Franchisee shall pay to Franchisor, by 12:00 p.m. Eastern Time on Tuesday of each week, the Royalties, Technology Fee, and Marketing Fund Contributions due to the Franchisor under this Agreement with respect to the prior week. Royalties, Technology Fees, and Marketing Fund Contributions are nonrefundable. If the date for any payment hereunder falls on a day on which commercial banks are authorized or required by law to close in the state where Franchisor maintains its principal place of business, such payment shall be made on the next day during which such commercial banks are open for business. Franchisor has the right to change the payment due date or change the frequency of payment so long as Franchisor provides Franchisee at least sixty (60) days advance notice of such changes.

5.2 Automated Bank Draft. Franchisee understands and agrees that all Royalties, Technology Fees, Marketing Fund Contributions, Advertising Cooperative (as defined below) contributions and other fees or contributions required to be paid to Franchisor or any Advertising Cooperative hereunder must be paid by automated bank draft based on information pulled from the POS System without notice to or action on behalf of Franchisee or other reasonable means, in the sole discretion of Franchisor, necessary to ensure payment of such fees are received by Franchisor or the appropriate Advertising Cooperative, as Franchisor determines appropriate from time to time. Franchisee must execute the “ACH Authorization” which is attached to this Agreement as Exhibit E-8. Franchisee agrees to comply with Franchisor’s payment instructions and to execute such other documents as Franchisor may request from time to time to provide Franchisee’s unconditional and irrevocable authority and direction to its bank authorizing and directing Franchisee’s bank to pay and deposit directly to the account designated by Franchisor all Royalties, Technology Fees, Marketing Fund Contribution, Advertising Cooperative contributions and other fees or contributions due hereunder. Every week, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor for the preceding week just ended. Franchisee shall execute any documents Franchisor’s or Franchisee’s bank requires to establish and implement the automated bank draft system. Once such a system is established, Franchisee shall not close the account from which automated bank drafts are being withdrawn without Franchisor’s written consent.

5.3 Late Payments and Insufficient Funds. All overdue payments for Royalties, Technology Fees, Marketing Fund Contributions, and other fees required to be paid hereunder shall bear interest from the date due at the rate of 1.5% per month, or the highest rate permitted by law, whichever is less. Interest shall accrue on all late payments regardless of whether Franchisor exercises its right to terminate this Agreement as provided for herein. In addition to its right to charge interest as provided herein, Franchisor may charge Franchisee a \$100 late payment fee, or the maximum amount permitted by applicable law, for all such overdue payments and a \$100 insufficient funds fee for each check, automated bank draft payment, or other payment method that is not honored by Franchisee’s financial institution. Franchisee acknowledges that Franchisor has the right to set-off amounts Franchisee owes Franchisor against any amounts Franchisor may owe Franchisee.

5.4 Application of Payments. Notwithstanding any designation by Franchisee to the contrary, all payments made by Franchisee hereunder will be applied by Franchisor at its discretion to any of Franchisee’s past due indebtedness.

5.5 Payment Processing. Franchisee is required to use only the **POS** system provided by the designated supplier and will pay the designated provider directly for all fees associated with the use of the designated provider’s software. Franchisee is not allowed to use an unapproved external terminal to process transactions.

6. RECORDS, REPORTS AND AUDITS

6.1 Accounting Records. Franchisee shall establish and maintain bookkeeping, accounting, financial and/or operations records for the Business conforming to such requirements as are prescribed by Franchisor in the Brand Standards Manual (as defined below) from time to time (the “**Accounting Records**”). In the event that Franchisor establishes (or modifies) a computerized bookkeeping, accounting and/or operations system for its franchisees, Franchisee agrees to utilize such systems, pay all reasonable fees charged by Franchisor or others for the use of such systems, purchase or lease all computer hardware and software required for such systems, and permit Franchisor to access such records by computer from a remote location. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation, or any other legal requirement to disclose any information regarding Franchisee or the operation of the Business, including, without limitation, earnings or other financial information, Franchisor shall be entitled to disclose such information. In addition, Franchisee hereby expressly permits Franchisor to disclose any such information to other franchisees for benchmarking purposes, to prospective franchisees in a financial performance representations and to potential purchasers (and their employees, agents, and representatives) of Franchisor or the Business in connection with the sale or transfer of any equity interests or assets of Franchisor, Franchisee or the Business, or any merger, reorganization or similar restructuring of Franchisor.

6.2 Business Records. Franchisee agrees to establish and maintain a record-keeping system for the Business conforming to requirements prescribed by Franchisor in its Brand Standards Manual from time to time (the “**Business Records**”). Among other things, such system shall include a complete record of all work performed in connection with the Business (including copies of all estimates, proposals, and contracts) and a complete listing of all work performed by any sub-contractors engaged by Franchisee (including copies of all contracts, invoices, or statements).

6.3 Financial and Operations Reports. Franchisee must provide Franchisor with such periodic financial and operations reports following Franchisor’s chart of accounts and otherwise in the form and manner required by Franchisor from time to time (the “**Financial Reports**”). Franchisee’s current reporting obligations include the following:

A. A statement of Gross Sales for the prior Business Week, in the form required by Franchisor to be delivered with each payment of the Royalties, Technology Fee and Marketing Fund Contribution, by no later than by 12:00 p.m. Eastern Time on Tuesday of each week;

B. A monthly unaudited balance sheet and profit and loss statement in a form satisfactory to Franchisor covering Franchisee’s business for the prior month and fiscal year to date, all of which shall be certified by Franchisee as true and correct and delivered to Franchisor no later than the 21st day of each month;

C. Annual financial statements compiled or reviewed by an independent certified public accountant in a form satisfactory to Franchisor no later than January 15th of the year after the most recently completed fiscal year, which shall include a statement of income and retained earnings, a statement of cash flows, and a balance sheet of Franchisee, all for the fiscal year then ended. Franchisor shall have the right at any time to require audited annual statements to be provided to it; provided that Franchisor shall reimburse Franchisee for its increased accounting fees attributable to Franchisor’s imposition of this requirement;

D. An annual copy of Franchisee’s signed 1120 or 1120S tax form and/or a Schedule C federal tax filing concerning the Business as filed with the Internal Revenue Service (or any forms which take the place of those forms), and all other federal, state, and local sales, use and income tax reports Franchisee is required to file relating to the Business, all to be delivered within 30 days after filing;

E. A monthly statement of local advertising expenditures made pursuant to Section 11.2 below, in a form satisfactory to Franchisor, to be delivered to Franchisor no later than the 21st day of each month; and

F. All reports or other information required to be submitted under this Section 6.3 shall be submitted to the attention of Franchisor's accounting department. If any of the reports or other information required to be given to Franchisor in accordance with this Section are not received by Franchisor by the required deadline, Franchisor may charge Franchisee a late submission fee equal to \$100 per report, per week.

6.4 Inspection and Audit. Franchisor, through its employees and any agents designated by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee, enter and inspect the assets used in connection with the Business and examine the Accounting Records, Business Records, all Financial Reports that Franchisee is required to submit under Section 6.3 (including, but not limited, to all tax returns concerning the Business), as well as all documents relating thereto, and any other information, records or properties relating to the ownership, management or operation of the Business, to determine whether Franchisee has complied with the terms of this Agreement. Franchisor shall also have the right to videotape, photograph or otherwise record the operation of the Business as part of any such inspection. Franchisee shall cooperate with Franchisor in any such inspection and shall make Franchisee's personnel and assets available to Franchisor as may be necessary to carry out such inspection. Any such inspection shall be at Franchisor's expense.

Without limiting the foregoing, Franchisor may audit or cause to be audited any statement Franchisee is required to submit pursuant to Section 6.3, and Franchisor may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by Franchisee in connection with the Business. If any such audit or review discloses an understatement of the Gross Sales for any period or periods, Franchisee shall pay to Franchisor, within 14 days after demand for payment is made, all additional Royalties, Technology Fees, Marketing Fund Contributions or other amounts required to be paid based upon the results of such audit or review, plus interest from the date such amount was due until paid at the rate of 1.5% per month or the maximum rate permitted by law, whichever is less.

In order to verify the information supplied by the Franchisee, Franchisor may reconstruct Franchisee's sales through any reasonable method of analyzing and reconstructing sales. Franchisee agrees to accept any such reconstruction of sales unless Franchisee, within 14 days from the date of the notice of understatement or variance, provides evidence of Franchisee's sales during the relevant period in a form satisfactory to Franchisor.

The foregoing remedies shall be in addition to any other remedies Franchisor may have, and this Section 6.4 shall survive the expiration or any earlier termination of this Agreement.

6.5 Credit and Trade References. Franchisee hereby authorizes Franchisor to make inquiries of Franchisee's bankers, suppliers, and other trade creditors as to their dealings with Franchisee in relation to the Business, to discuss the affairs, finances and accounts of the Business and to obtain information and copies of invoices relating to sales or other dealings with all such persons and Franchisee in any way relating to the Business. Franchisee hereby authorizes and directs such bankers, suppliers and other trade creditors to discuss with Franchisor the affairs, finances and accounts of the Business. Moreover, Franchisee agrees, upon the request of Franchisor, to execute and deliver such documents as are required to permit such bankers, suppliers or other trade creditors to release or disclose any such information and/or documents to Franchisor.

7. OPERATIONS AND BRAND STANDARDS MANUAL

7.1 Operations Manual. During the term of this Agreement, Franchisor will loan to Franchisee one copy of, or provide Franchisee with electronic access to, Franchisor’s confidential operations manual (the “**Operations Manual**”), which consists of printed manuals, documents, systems, and information pertaining to the launch and ongoing business operations of the Studio.

7.2 Brand Standards Manual. During the term of this Agreement, Franchisor will loan to Franchisee one copy of, or provide Franchisee with electronic access to, Franchisor’s confidential brand standards manual (the “**Brand Standards Manual**”), which may consist of printed manuals, computerized documents or software, information provided on the internet or an extranet, audiotapes, videotapes, or any other medium Franchisor adopts periodically for use with the System and designates as part of the Brand Standards Manual. The Brand Standards Manual will contain information and specifications concerning the mandatory standards and specifications for the development and operation of the Business and any other information and advice Franchisor may periodically provide to its franchisees. Notwithstanding, Franchisee acknowledges and agrees that the System does not include any personnel policies or procedures or security-related policies or procedures that Franchisor (at its option) may make available to Franchisee in the Brand Standards Manual or otherwise for Franchisee’s optional use. Franchisee will determine to what extent, if any, personnel or security-related policies and procedures might apply to operations at the Business. Franchisor neither dictates nor controls labor or employment matters for franchisees and their employees and Franchisor is not responsible for the safety and security of Business employees or customers. Franchisor may unilaterally update and change the Brand Standards Manual periodically to reflect changes in the System and the operating requirements applicable to Purvelo Businesses, and Franchisee expressly agrees to comply with each requirement within such reasonable time as Franchisor may require, or if no time is specified, within 30 days after receiving notification of the requirement. The cost of implementing changes, updates or modifications to the System as called for in the Brand Standards Manual shall be borne exclusively by Franchisee regardless of the financial or other impact on Franchisee or the Business. Franchisee shall at all times ensure that its copy of the Brand Standards Manual and any other confidential materials supplied by Franchisor to Franchisee are kept current and up to date. Franchisee must keep any printed Brand Standards Manual in a secure location at the Business, and must restrict employee access to the Brand Standards Manual on a need to know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Brand Standards Manual. If Franchisor and Franchisee have any disagreement about the most current contents of the Brand Standards Manual, Franchisor’s master copy of the Brand Standards Manual will control. Upon the expiration or termination of this Agreement for any reason, Franchisee must return all copies of the Brand Standards Manual to Franchisor, and upon Franchisor’s request, certify to Franchisor that Franchisee has not kept any copies in any medium. The Brand Standards Manual is confidential, copyrighted and Franchisor’s exclusive property. If Franchisee, intentionally or otherwise through its negligence, compromises the secure access to the online version of the Operations Manual or Brand Standards Manual (or any hard copy of either Manual), including, but not limited to, allowing unauthorized users access to either Manual and its confidential contents, Franchisee will be required to pay Franchisor liquidated damages in the amount of \$10,000, to compensate Franchisor for the breach and related damage to the System.

8. MODIFICATIONS OR IMPROVEMENTS TO THE SYSTEM

8.1 Modification by Franchisor. Franchisee recognizes and agrees that from time to time hereafter, Franchisor shall change, modify or improve aspects of the System, including, without limitation, modifications to the Brand Standards Manual, equipment, tools, software, processes and systems to support the Business, the products and services offered for sale, the signage, the presentation and usage of the Marks, and the adoption and use of new, modified or substituted Marks or other proprietary materials for the Business. Franchisee agrees to accept, use and/or display for the purposes of this Agreement any such

changes, modifications, or improvements to the System, including, without limitation the adoption of new, modified or substituted Marks, as if they were part of the System as of the Effective Date, and Franchisee agrees to make such expenditures as such changes, modifications or improvements to the System may require. Such changes, modifications or improvements to the System may include removal of previously authorized equipment, tools, software, processes and systems to support the Business, or the products and services offered, the signage, the presentation and usage of the Marks in the Business. Franchisor will not be liable to Franchisee for any expenses or revenue losses associated with any modification to the System, including but not limited to any modification to Franchisor's current Brand Standards Manual which adversely impacts the Businesses' revenues. For purposes of this Agreement, all references to the System shall include such future changes, modifications and improvements. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in this Agreement. Franchisor shall provide and from time to time, add to, alter or delete, at Franchisor's discretion, lists of specifications, approved distributors and suppliers, approved services and products, as set forth in this Agreement and/or the Manuals including, but not limited to, cycling equipment and gear, and other materials and supplies used in the operation of the Studio. Franchisor, or an affiliate of Franchisor, may be a designated or approved supplier of certain equipment, gear, merchandise, apparel, and supplies.

8.2 Modification by Franchisee. If Franchisee develops any new modification, concept, process, improvement or slogan in the operation or promotion of the Business or to the System, the same shall be deemed a work made for hire, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with all necessary information, regarding such modification, concept, process, improvement or slogan. Franchisee acknowledges that any such modification, concept, process, improvement or slogan shall become Franchisor's sole and exclusive property and that Franchisor may use or allow other franchisees to use the same in connection with the System or the operation of Purvelo Businesses, without providing any compensation to Franchisee, and Franchisee agrees to execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's ownership of the innovation or improvement.

9. OBLIGATIONS OF FRANCHISEE

Franchisee recognizes the mutual benefit to Franchisee, Franchisor, and other franchisees of the System of the consistency of the appearance, services, products and advertising of the System and acknowledges and agrees that such consistencies are necessary for the protection and successful operation of Purvelo Businesses. Franchisee covenants and warrants with respect to the operation of the Business that Franchisee and its employees and agents will comply with all of the requirements of the System and the Brand Standards Manual, the Operations Manual, and will throughout the term of this Agreement:

9.1 Standards & Specifications. Operate the Business and sell and offer all products and services sold or offered hereby in accordance with the specifications, standards, business practices and policies of Franchisor now in effect or hereafter promulgated (and refrain from selling and offering any products or services that are not approved by Franchisor), and comply with all requirements of Franchisor, the System and the Brand Standards Manual as they are now or hereafter established, including, without limitation, any customer service, marketing, environmental, safety, and cleanliness standards and specifications. Franchisor and its duly authorized representatives shall have the right, if they so elect, at all reasonable times, to inspect the Business to ensure that Franchisee is complying with such specifications, standards, business practices and procedures, policies and requirements and to test and inspect any and all equipment, tools, systems and products used in connection with the operation of the Business. If Franchisee in any way shall fail to maintain the standards of quality for the products and services as established by Franchisor from time to time, Franchisor shall notify Franchisee in writing of the failure and give Franchisee 10 days in which to cure such failure. If Franchisee fails to cure such failure within such 10-day period, Franchisor shall, in addition to any other remedy available to it, have the right to assign to the Business such persons

as it deems necessary for the training of Franchisee's employees to ensure that the standards of quality for the products and services are maintained. Franchisee shall reimburse Franchisor for all costs associated with providing such personnel, including costs of transportation, meals, lodging, salaries, wages and other compensation (including fringe benefits).

9.2 Pricing. Franchisor has developed a brand that is based in part on affordable prices for indoor cycling and other fitness services offered by Purvelo. To promote a consistent consumer experience, and to maximize the value of the products and services Studios offer, Franchisor may require set minimum prices for any products or services offered by the System and Franchisee. Franchisee is obligated to use the pricing required by Franchisor, unless Franchisor consents to changes in local pricing offered by Franchisee in order to (i) allow Franchisee to respond to unique, local, marketing conditions, competition, or expenses; or (ii) comply with changes or interpretations in state or federal anti-trust laws. Consistent with state or federal law, Franchisor reserves the right to change or eliminate its pricing program in the future, or to move from a required to recommended pricing structure, in its sole discretion.

9.3 Maintenance & Appearance. Maintain at all times, at its expense, the Business and the equipment and merchandise, including any real property used in connection with the Business, any fixtures, furnishings, furniture, décor, premises, parking areas, landscape areas, and interior and exterior signs, in an excellent, clean, attractive, and safe condition in conformity with the Brand Standards Manual and Franchisor's high standards and public image. Franchisee shall promptly make all repairs and replacements thereto as may be required to keep the Studio in the highest degree of safety, repair, and condition and to maintain maximum efficiency and productivity, and to remain in compliance with Franchisor's standards. If Franchisor changes its image or standards of operation with respect to the Business, Franchisee expressly agrees to comply, at its expense, with each change within such reasonable time as Franchisor may require, or if no time is specified, within 30 days after receiving notification of the change. The cost of replacing equipment and facilities shall be borne exclusively by Franchisee.

9.4 Compliance with Laws. Comply with all applicable laws, rules, ordinances and regulations that affect or otherwise concern the Business, including, without limitation, zoning, disability access, signage, fire and safety, security, fictitious name registrations, sales tax registration, environmental regulations, warranty contract requirements, employment and promotion practices, employee wages, child and immigrant labor, disabled persons, truth-in-advertising and health and sanitation. Franchisee will be solely responsible for obtaining any and all licenses and permits required to operate the Business and maintaining records of such compliance. Franchisor will not provide legal advice to Franchisee or otherwise be responsible to Franchisee for determining the applicability of or compliance with applicable law and Franchisee acknowledges and agrees that any communication between Franchisor and Franchisee relating to compliance with any of these laws shall be conclusively presumed to be only general educational information and that Franchisee's failure to obtain specific, professional third-party advice on such issues shall be unreasonable. Franchisee must forward to Franchisor any inspection reports or correspondence stating that Franchisee is not in compliance with any such laws, rules, ordinances and regulations to Franchisor within 24 hours of Franchisee's receipt of such report or correspondence.

9.5 Legal Proceedings. Franchisee will notify Franchisor in writing within ten (10) days of the commencement of any action, suit or proceedings and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, against Franchisee or any of Franchisee's properties, or of which Franchisee becomes aware, which may adversely affect the Franchisee's financial condition or ability to meet its obligations hereunder.

9.6 Capacity & Efficiency. Maintain sufficient inventories and employ sufficient qualified employees to operate the Business at its maximum capacity and efficiency at such hours or days as Franchisor shall designate or approve in the Operations and/or Brand Standards Manual or otherwise and operate the

Business for such hours or days so designated or approved by Franchisor. Franchisee acknowledges that it is solely responsible for all aspects of hiring, compensating and (when necessary) firing its employees.

9.7 Uniforms. Require all employees of the Business to wear branded apparel conforming to the specifications, design, and standards Franchisor may from time to time designate in the Brand Standards Manual or otherwise.

9.8 Employee Conduct & Appearance. Require all employees of the Business to conduct themselves at all times in a competent and courteous manner and use best efforts to ensure that its employees maintain a neat and clean appearance and render competent, friendly, and courteous service to customers of the Business. Franchisor shall have no control over Franchisee's employees, including, without limitation, work hours, wages, hiring or firing.

9.9 Customer Service. Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created hereby. Therefore, Franchisee must maintain high standards of quality and service in the operation of the Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Business and Franchisor may periodically adopt or modify standards relating to any aspect of customer service and Franchisee agrees to comply with any such standards. The Business shall in all dealings with its customers, vendors and the general public adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle or resolve (in a manner that meets Franchisor's standards) a customer complaint, Franchisor has the right to intervene and address such customer complaint (as Franchisor may deem appropriate). Franchisor has the right to terminate this Agreement for repeated violations of this Section 9.9. Franchisee acknowledges its obligation and agrees reimburse Franchisor for all costs incurred by Franchisor in providing or arranging service for a customer of the Business pursuant to this Section 9.9 within 14 days of being provided an invoice for the same. Franchisee further authorizes Franchisor to electronically debit the reimbursement. Further, upon the occurrence of any event that occurs at or otherwise involves the Business, or that occurs generally at a local, regional, national or even global scale, which has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other similar circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks, Franchisee must immediately inform Franchisor by telephone or electronic means, must cooperate fully with Franchisor with respect to Franchisor's response to the event, and must implement such corrective action as may be instituted by Franchisor, which may include Franchisor requiring a temporary closure of the Business as part of the remediation plan.

9.10 Approved Suppliers and Rebates. Franchisor has the right to require that furniture, fixtures, signs, and equipment (the "**Operating Assets**") and products, supplies, and services that Franchisee purchases for resale or purchases or leases for use in the Studio: (i) meet specifications that Franchisor establishes periodically; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that Franchisor has expressly approved; and/or (iv) be purchased or leased only from a single source that Franchisor designates (which may include Franchisor or its affiliates or a buying cooperative organized by Franchisor or its affiliates). Franchisee may offer to customers only the products, services, and classes Franchisor approves in writing. In addition, Franchisee must offer the specific products, services, and classes that Franchisor requires in the Manuals or otherwise in writing. Franchisor may change these specifications periodically, and Franchisor may designate specific products or services as optional or mandatory. Franchisee must offer all products or services that Franchisor designates as mandatory. Franchisee may sell products and services only in the varieties, forms, and packages that Franchisor has approved in accordance with the System Standards. Franchisee must maintain a sufficient supply of required products to meet the inventory standards Franchisor prescribes in the Manuals (or to meet reasonably anticipated customer demand, if not prescribed specific standards). If

Franchisee would like to offer products or use any supplies, Operating Assets, or services that Franchisor has not approved or to purchase or lease from a supplier or service provider that Franchisor has not approved, Franchisee must submit a written request for approval and provide Franchisor with any information that it requests. Franchisor has the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Proposed suppliers may be required to come to Franchisor's offices in Chicago, Illinois or New York, New York in order for Franchisor to make an evaluation. Franchisee must pay Franchisor an amount not to exceed the reasonable cost of the inspection and Franchisor's actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. If Franchisor specifies criteria for its approval of such goods, services, or vendors, Franchisor will publish them in the Manuals. Franchisor has the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on its judgment. Franchisor will notify Franchisee in writing of its decision as soon as practicable following its evaluation (within 60 days). If Franchisee does not receive Franchisor's approval within 60 days after submitting all of the information that Franchisor requests, then Franchisor's failure to respond will be deemed a disapproval of the request. Franchisee acknowledges that the products and services that Franchisor approves for Franchisee to offer in the Studio may differ from those that Franchisor permits or requires to be offered in other studios. Franchisor reserves the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of Franchisor's then-current criteria. If Franchisor revokes approval of a previously approved product that Franchisee has been selling to customers or service that Franchisee has been offering to customers, Franchisee must immediately discontinue offering the service and may continue to sell the product only from existing inventory for up to 30 days following the disapproval. Franchisor has the right to shorten this period if, in its opinion, the continued sale of the product would prove detrimental to Franchisor's reputation. After the 30-day period, or such shorter period that Franchisor may designate, Franchisee must dispose of the remaining formerly approved inventory as Franchisor directs.

9.11 Trade Dress. Prominently display at the Studio or on any real property owned or leased by Franchisee in connection with the Business the name "Purvelo" using signs, decals or paint patterns, of such nature, form, color, number, location and size, and containing such material as Franchisor may from time to time reasonably direct or approve in writing; and not display on any vehicles or in the Business or elsewhere any sign, decal or advertising media of any kind to which Franchisor reasonably objects. Franchisor or its authorized representatives may at any time during normal business hours inspect the Studio or enter the Business and remove any objectionable signs, decals, or advertising media.

9.12 Products & Services Offered. Sell or offer only the products, services, and classes Franchisor approves in writing. In addition, Franchisee must offer the specific products, services, and classes that Franchisor requires in the Manuals or otherwise in writing. Franchisor may change these specifications periodically, and Franchisor may designate specific products or services as optional or mandatory. Franchisee must offer all products or services that Franchisor designates as mandatory. Franchisee may sell products and services only in the varieties, forms, and packages that Franchisor has approved in accordance with the System standards. Franchisee must maintain a sufficient supply of required products to meet the inventory standards Franchisor prescribes in the Manuals (or to meet reasonably anticipated customer demand, if Franchisor has not prescribed specific standards).

9.13 Full-Time & Best Efforts. Ensure that an individual, the Designated Operator or a Key Manager, who has completed the initial training program described in Section 13.1 below devotes his or her best and devoted efforts to the management of the day-to-day operation of the Business.

9.14 Participation in Loyalty Programs and Promotions. If Franchisor institutes a customer loyalty program, participate in such customer loyalty program, and pay all participation fees due to Franchisor or any third-party vendor, and also participate in all national, regional, or local advertising and promotional activities Franchisor requires. Franchisee understands that Franchisor implements promotions such as discount coupons and other activities intended to enhance customer awareness for Purvelo Businesses on a national, regional, or local level. Franchisee understands that its participation in these programs is essential to its success and that its participation may entail some cost to Franchisee. Franchisee agrees that Franchisor has no obligation to reimburse Franchisee for any costs it incurs due to its mandatory participation in these special promotional programs.

9.15 Paying Vendors. Franchisee will pay on a timely basis for all supplies, materials and expenses incurred in the operation of the Business. Franchisee is aware that it is responsible for all operating, selling and general and administrative expenses of the Business, and that failure to make prompt payments to its suppliers, vendors, contractors or employees may cause irreparable harm to the reputation and credit of Franchisor and other franchisees and shall serve as an “Event of Default” under Section 19.2 of this Agreement.

9.16 Pre-Launch Purchases. Prior to opening the Studio governed by this Agreement, Franchisee must lease, purchase and otherwise acquire from Franchisor’s designated or approved supplier: (i) an initial package of furniture, fixtures and certain fitness equipment that is designed to provide Franchisee with certain items needed in connection with outfitting, equipping and otherwise building out of the Studio (the “**Initial Furnishing Package**”); (ii) the exercise bikes and bike-related equipment for use in connection with the provision of the Approved Services that the parties agree and acknowledge Franchisor’s standard franchise offering assumes and expects Franchisee will acquire via a lease-to-own or comparable program that is arranged with a third-party provider that Franchisor has approved or approves (the “**Bike Package**”); and (iii) opening inventory comprised of certain branded and other inventory that may be resold at the Studio (the “**Pre-Opening Merchandise Package**”). Over the term of this Agreement, Franchisee will be responsible for (a) maintaining and/or replacing the items comprising the Initial Furnishing Package and Bike Package (as required hereunder and your lease-to-own or other agreement with third-party provider) utilized in connection with the Studio, and (b) maintaining certain levels of inventory with respect to those items comprising the Pre-Opening Merchandise Package, as set forth more fully in this Agreement.

Franchisee further agrees to install at its expense and use the membership accounting, cost control, point-of-sale (“**POS**”) and inventory control systems through the supplier Franchisor designates in the Operations Manual and/or Brands Standards Manual, both which may be modified in the discretion of the Franchisor from time to time. The designated, or approved, supplier(s) for these services will be updated in the Manuals as changes are made. Over the term of this Agreement, Franchisee will also be required to pay Franchisor’s then-current designated provider for the software that Franchisor prescribes for use in connection with the Studio and the POS (each, a “**Software Fee**”), which may be modified upon reasonable written notice to Franchisee and which are currently included in the ongoing Technology Fee set forth in Section 4.6 of this Agreement.

9.17 Responsibility for Contractors. Franchisee agrees to cause any third-party sub-contractors engaged by Franchisee to perform work on behalf of Franchisee in respect of the Business to comply with all applicable requirements of this Section 9, including but not limited to the quality and performance standards required of Franchisee, as well as the insurance requirements set forth in Section 16.2 herein.

9.18 Facility Specifications. Franchisee’s Studio shall meet the following conditions:

A. The Studio shall be laid out, designed, constructed, or improved, equipped, and furnished in accordance with Franchisor’s standards and specifications set forth in the Brand Standards Manual, which

may be modified from time to time at the discretion of Franchisor. Equipment, furnishings, fixtures, decor, and signage for the Studio shall be purchased from suppliers approved or designated by Franchisor. Franchisee may remodel or alter the Studio, or change its equipment, furniture, or fixtures, only with Franchisor's consent and only in Compliance with the then current Brand Standards Manual. Franchisee must obtain necessary permits, licenses and other legal or architectural requirements. The Studio shall contain or display only signage that has been specifically approved or designed by Franchisor.

B. The Studio and all exercise equipment shall be maintained in accordance with standards and specifications established by Franchisor or prescribed after inspection of the Studio. Franchisee shall promptly repair or replace defective or obsolete equipment, signage, fixtures or any other item of the interior or exterior that is in need of repair, refurbishing or redecorating in accordance with such standards established (and updated from time to time) by Franchisor and as may be required by Franchisee's lease.

C. Franchisee agrees and acknowledges that: (i) the System will evolve; (ii) the fitness industry must respond to new trends and consumer preferences, new forms of exercise, new equipment, and new training techniques; and (iii) the System must change to meet customer demand. Franchisee further understands that cycling equipment and other equipment wears out, breaks down, or becomes outdated. Consequently, from time to time, as Franchisor requires, Franchisee must modernize and/or replace items of the Trade Dress or Studio equipment as may be necessary for the Studio to conform to the standards for new Studios as set forth in the Brand Standards Manual. Further, Franchisee will be required to thoroughly refresh or remodel the Studio when requested by Franchisor, but no more than once every 5 years. This may include replacing cycling/fitness equipment and gear, and other updates and improvements. Franchisee acknowledges that this obligation could result in Franchisee making extensive structural changes to, and significantly remodeling and renovating the Studio, and Franchisee agrees to incur, without limitation, any capital expenditures required in order to comply with this obligation and Franchisor's requirements. Within 90 days after receiving written notice from Franchisor, Franchisee shall have plans prepared according to the standards and specifications that Franchisor prescribes, and Franchisee must submit those plans to Franchisor for its approval. Franchisee agrees to complete all work according to the plans prescribed by Franchisor within the time period that Franchisor reasonably specifies and in accordance with this Agreement.

D. The Studio shall contain signage prominently identifying Franchisee by name as an independently owned and operated franchisee of Franchisor as directed in the Operations Manual and/or Brand Standards Manual.

E. Franchisee agrees and authorizes Franchisor to conduct "secret shopper" facility audits to insure compliance with the Manuals as to the entirety of the Studio and its operations and agrees to reimburse Franchisor for the reasonable costs of any such compliance audit conducted through a "secret shopper".

9.19 Lease. Before Franchisee makes a binding commitment to purchase, lease, or sublease a site, Franchisor must approve in writing the proposed lease or purchase agreement or any letter of intent between Franchisee and the third-party seller or lessor. If Franchisee leases the site, unless Franchisor waives the requirement in writing, Franchisee must arrange for the execution of the Lease Addendum in the form that is attached as an exhibit to this Agreement. Franchisor may require Franchisee to engage an attorney to review the lease or purchase agreement for the Site that Franchisor has accepted and to supply Franchisor with reasonable documentation in connection with such review, including a lease abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between Franchisee and the third-party seller or lessor. Franchisor will not provide Franchisee with any legal advice with respect to Franchisee's lease or purchase of the Site. Franchisor's review of the lease is for its benefit and is not intended to supplement or replace any review by a real estate attorney engaged on Franchisee's behalf. Franchisor will not withhold consent arbitrarily; however, any lease must contain the following provisions

in a substantially similar format as determined by Franchisor: (1) “The leased premises will be used only for the operation of a franchised Studio utilizing the Proprietary Marks and System;” (2) “The employees of Franchisor will have the right to enter the leased premises to make any modifications necessary to protect the System and proprietary marks thereof;” (3) “Lessee agrees that Lessor may, upon request of Franchisor disclose to said Franchisor all reports, information or data in Lessor’s possession with respect to sales made in, upon or from the leased premises;” and (4) a conditional assignment clause to be contained in a lease rider in a form approved by Franchisor, which shall provide that Franchisor (or its designee) may, upon termination, expiration, non-renewal or proposed assignment of this Agreement, at Franchisor’s sole option, take an assignment of Franchisee’s interest thereunder, without the consent of the Lessor or property owner, without liability for accrued obligations, payment of additional consideration or increase in rent, and at any time thereafter, reassign the lease to a new franchisee. Franchisor’s execution of this Agreement is conditioned upon the above- referenced lease addendum in the then current form to be provided by Franchisor (“**Lease Addendum**”), which shall be signed by Franchisee and attached and made part of the lease for the Studio. Franchisee acknowledges that it has been advised to have any lease or other legal document reviewed by Franchisee’s own legal counsel.

9.20 Unit Development. Franchisee agrees that after obtaining possession of the Site, Franchisee will promptly, at Franchisee’s sole expense:

- A. Obtain any standard plans and/or specifications from Franchisor; Employ a qualified licensed architect, specified and/or approved by Franchisor, as required by state or local codes, to provide notice to Franchisor of your general contractor, to prepare all drawings, designs, plans and specifications for the Studio (“Plans”), and submit same to Franchisor for review and approval prior to commencing construction;
- B. After receiving Franchisor’s written approval of the Plans and Franchisee’s general contractor, complete the initial buildout or remodeling of the Studio in full and strict compliance with Plans and specifications approved by Franchisor in the Manuals or elsewhere in writing, and in compliance with all applicable ordinances, building codes and permit requirements;
- C. Purchase or lease, in accordance with Franchisor’s standards and specifications as set forth in the Brand Standards Manual, all fitness equipment, fixtures, inventory, supplies and signs required for the Studio;
- D. Hire and train the initial operating personnel according to Franchisor’s standards and specifications as set forth in the Manuals; and
- E. Complete development of and have the Studio open for business not later than nine (9) months after the date that Franchisor accepts this Agreement.

9.21 Franchisee’s Responsibility. Although Franchisor may provide Franchisee with various standard or sample plans and specifications with respect to completing the initial buildout and equipping the Studio, it is Franchisee’s sole responsibility to construct and equip the Studio in compliance with all applicable federal, state and local laws and regulations, including, without limitation, all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and all other requirements that may be prescribed by any federal, state or local governmental agency. Franchisee and the Franchised Business comply with all music licensing laws in connection with any music that Franchisee and/or any staff at the Studio determines to play at the Studio. Franchisee further acknowledges and agrees that Franchisee is, and will continue to be at all times during the Term, solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Studio, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and

discipline of employees, paid or unpaid, full or part-time. Franchisee's employees must be competent, conscientious, and properly trained. Franchisee acknowledges that nothing in this Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Franchisee or any of Franchisee's personnel, and (b) Franchisor in any matter. Franchisee agrees to indemnify Franchisor, in accordance with Section 16.1 hereof, for any and all claims and causes of action resulting from Franchisee's obligations pursuant to this Section 9.21.

9.22 Non-Disparagement. Franchisee agrees that it will refrain from making any untrue or derogatory statements concerning Franchisor and its affiliates, as well as their present and former officers, employees, shareholders, directors, agents, attorneys, servants, representatives, successors, and assigns.

9.23 Minimum Performance Standards. Unless waived by Franchisor due to unique market conditions, Franchisee must meet a certain minimum monthly Gross Sales quota (the "Minimum Monthly Gross Sales Quota"), as follows: (i) Franchisee must achieve and maintain trailing 12-month average monthly Gross Sales of \$30,000 by the 1st anniversary of the opening of the Studio; and (ii) Franchisee must achieve and maintain trailing 12-month average monthly Gross Sales of \$40,000 by the 2nd anniversary and each successive anniversary of the opening of the Studio. If Franchisee fails to meet the Minimum Monthly Gross Sales Quota for 36 consecutive months at any time during the term of this Agreement, Franchisor, in its discretion, may institute a mandatory corrective training program or terminate this Agreement upon written notice to Franchisee.

10. POINT OF SALE SYSTEM AND INFORMATION TECHNOLOGY

10.1 Hardware and Software Programs. Franchisor may establish and maintain, and require Franchisee to use, such computer hardware and software programs and databases (including, but not limited to, email accounts and platforms) as it deems advisable from time to time, which may include software programs to assist in accounting, customer service, marketing, operations, or management functions of the Business, in the form and configuration determined by Franchisor in its sole discretion (collectively, "**Computer Programs**"). Franchisee acknowledges and agrees that any Computer Program may allow Franchisor to have, and may require Franchisee to provide, continuous remote access, at Franchisee's expense, to any of the information stored in or compiled by any Computer Program and all customer and other data contained therein. Franchisee acknowledges that any and all information relating to the Business must be provided by Franchisee in the form and manner as Franchisor may require from time to time. Any Computer Program may require that Franchisee enter into a software license agreement and/or pay a fee to the software provider or to Franchisor, which may vary throughout the term of this Agreement. Any fees Franchisee must pay to Franchisor for such Computer Program will be intended to reimburse Franchisor for its costs of providing the Computer Program. Franchisee, at its expense, must purchase and use an estimating, computerized cash collection, and data processing system (the "POS System") that meets the standards and specifications provided by Franchisor from time to time in the Brand Standards Manual or otherwise. Franchisee must enter all sales and other information Franchisor requires in the POS System. Franchisor may periodically require Franchisee, at its expense, to upgrade, update or replace the POS System to remain in compliance with the standards and specifications required by Franchisor. Franchisee, at its expense, must maintain the POS System in good working order and connected to any telephone system or computer network that Franchisor requires. Franchisor may require Franchisee, at its expense, to configure and connect the POS System to Franchisor's systems to provide Franchisor with continuous real-time access to all information and data stored on the POS System. In all cases, Franchisee must implement and maintain an approved Payment Card Industry (PCI) compliance program for the Business, and Franchisee is solely responsible for protecting the Business from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor may require Franchisee to pay Franchisor or its designated third parties reasonable fees to support and upgrade the POS System and a

reasonable fee to Franchisor or its designated third party for polling or collecting data from the POS System. In addition to the POS System, Franchisee, at its expense, must equip the Business with the computer hardware and software that Franchisor specifies periodically and maintain access to the Internet or other computer network(s) that Franchisor specifies. Franchisee shall purchase a computer, printer, and phone that is approved by Franchisor. In addition, Franchisee, at its expense, must also apply for and maintain other credit card, debit card or other non-cash payment systems that Franchisor periodically requires.

10.2 Access to Data. Franchisee acknowledges that Franchisor will have independent access to certain financial and other information of Franchisee that is stored electronically. During the term of this Agreement and any subsequent franchise agreement between Franchisor and Franchisee, Franchisor will not disclose to any third party any specific financial or other information directly associated with Franchisee or the Business unless authorized by Franchisee. Franchisor may, however, disclose such information to its employees, attorneys, accountants, consultants, agents, and others retained or employed by it who have a need to know such information in order to facilitate the administration of the relationship between Franchisee and Franchisor, or to comply with applicable law, court orders or accounting rules. During the term of this Agreement, Franchisee agrees that Franchisor may collect and disclose to other franchisees operating in the System data relating to Franchisee's operation of the Business for the purpose of benchmarking or performance recognition. Franchisee acknowledges that after the termination of this Agreement or any subsequent franchise agreement between Franchisor and Franchisee, Franchisor may release such information to other franchisees and prospective franchisees. Franchisor's obligations pursuant to this Section 10.2 will in no way restrict its right to compile aggregate data for research and other purposes and to use or disclose such aggregate data. Franchisee acknowledges that Franchisor may require Franchisee to enter into a software license agreement whereby Franchisee will record and store data on a server hosted by a third party, and that such third-party may also have access to such data as necessary to perform such third party's obligations under the software license agreement.

11. ADVERTISING

11.1 Marketing Fund. Franchisee must pay to Franchisor, or such other entity designated by Franchisor, the Marketing Fund Contribution established under Section 4.3 herein, which amount shall be used by the Marketing Fund (defined below).

The Marketing Fund Contribution will be expended for the benefit of Franchisor, Franchisee and all other franchisees or users of the System in the United States or elsewhere for the production or purchase of such radio, television, print and/or other advertising materials or services as Franchisor deems necessary or appropriate, in its sole discretion, on a national, regional or local basis (the "**Marketing Fund**"). The expenditure of such funds for advertising is under the sole control of, and in the discretion of, Franchisor at all times, or such other entities designated by Franchisor. Franchisee understands and acknowledges that the Marketing Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Purvelo Businesses for the benefit of all Purvelo Businesses and that Franchisor undertakes no obligation and is in no way required to ensure that the Marketing Fund benefits each Purvelo Business in proportion to its respective contributions. Franchisor agrees that all funds contributed to the Marketing Fund may be used to meet any and all costs (including, without limitation, reasonable salaries and overhead incurred by Franchisor) of developing, maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities including, without limitation, the costs of preparing and conducting television, radio, magazine, billboard, newspaper, direct response literature, direct mailings, brochures, collateral advertising material, designing and implementing websites for Franchisor and/or its franchises, surveys of advertising effectiveness and other media programs and activities, employing advertising agencies to assist therewith and providing promotional brochures, decals and other marketing materials. Franchisee further acknowledges that the Marketing Fund may be used to develop, maintain, administer, direct and prepare materials, programs and public relations activities

which promote the System in conjunction with one or more franchise systems which may be owned by Franchisor or Franchisor's affiliates; provided that a substantial focus of such materials, programs or activities includes the promotion of the System. Notwithstanding the foregoing, Franchisor agrees that the Marketing Fund's assets shall not be used to create, design or disseminate advertising or promotional materials that are primarily intended, or whose principal effect is, to recruit new franchisees and develop new franchised businesses operating under the Marks.

The Marketing Fund shall be accounted for separately from Franchisor's other funds and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Marketing Fund and its programs (including, without limitation, conducting market research, preparing advertising and promotional materials, collecting and accounting for contributions to the Marketing Fund, paying for the preparation and distribution of financial statements, legal and accounting fees and expenses, taxes, and other reasonable direct and indirect expenses incurred by Franchisor or its authorized representatives in connection with programs funded by the Marketing Fund). The Marketing Fund will not be Franchisor's asset. An unaudited statement of the operations of the Marketing Fund shall be prepared annually, and shall be made available to Franchisee upon written request. Franchisor may spend in any fiscal year more or less than the aggregate contribution of all Purvelo Businesses to the Marketing Fund in that year, and the Marketing Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. Any lender loaning money to the Marketing Fund shall receive interest at a reasonable rate, in the sole discretion of Franchisor. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs before other assets of the Marketing Fund are expended. Franchisor may cause the Marketing Fund to be incorporated or operated through a separate entity at such time as Franchisor may deem appropriate, and such successor entity, if established, will have all rights and duties specified in this Section 11.1. Franchisor will not be liable for any act or omission with respect to the Marketing Fund that is consistent with this Agreement and done in good faith. Except as expressly provided in this Section 11.1, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, or administration of the Marketing Fund. Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or fiduciary with respect to the Marketing Fund Contributions collected. Franchisee agrees to participate in any promotion, marketing or advertising campaigns created by the Marketing Fund. Franchisor may reduce contributions of franchises to the Marketing Fund and upon notice to Franchisee, reduce the Marketing Fund's operation or terminate the Marketing Fund and distribute unspent monies to those contributing franchisees in proportion to their contributions in the past.

Franchisor may form, at its sole discretion, an advisory board consisting of franchisees of the System (the "**Council**") to provide advice and counsel regarding Franchisor's use of Marketing Fund Contributions. Such Council shall function in an advisory capacity only and shall not exercise any authority over the Marketing Fund or over Franchisor. Franchisee must participate in Council-related activities and meetings, Purvelo pay any dues assessed for the administration of that program, and pay Franchisee's own expenses associated with participating in Council activities. Franchisor will pay its proportionate share of Council dues based on the number of Purvelo Businesses it or its affiliates operate.

11.2 Local Advertising. Franchisee acknowledges and agrees that to effectively compete within the Designated Market Area, Franchisee must undertake and execute an extensive marketing and advertising program designed to promote the Business within the Designated Market Area. Therefore, in addition to making contributions to the Marketing Fund, Franchisee shall, at Franchisee's cost and expense, market, advertise and promote the Business in the Designated Market Area and shall:

A. market, advertise and promote the Business in the Designated Market Area only in a manner that will reflect favorably on Franchisor, Franchisee, the services and products offered by Franchisee, and the good name, goodwill and reputation of Franchisor and the Business; and

B. not use any advertising or other marketing or promotional materials furnished by Franchisor or any other materials containing therein, thereon or therewith any of the Marks, for any purpose other than to market and promote the Business. Franchisee shall furthermore not copy or otherwise duplicate any advertising or promotional materials prepared by or for, or furnished by, Franchisor without Franchisor's prior written consent.

In addition to contributions to the Marketing Fund, commencing upon the conclusion of the Grand Opening Period, Franchisee shall spend during the term of this Agreement a minimum of two thousand dollars (\$2,000) per month on advertising in the Designated Market Area (either by way of direct promotion or participation in an Advertising Cooperative, as described in Section 11.3, below). Franchisee shall provide Franchisor with evidence that such monies have been expended in reports as required under Section 6.3 herein. Franchisor retains the right to require that Franchisee's minimum local advertising expenditure be allocated (as directed by Franchisor) to advertising of certain types, using specific vendors, in particular channels or as a component of a broader campaign.

Franchisee further acknowledges that Franchisor may require that any local marketing or advertising include reference (in a form determined by Franchisor) to one or more franchise systems which may be owned by Franchisor or Franchisor's affiliates; provided that a substantial focus of such materials, programs or activities includes the promotion of the Business.

The total amount of advertising funds expended by Franchisee for individual local market advertising shall be determined by Franchisee, subject to the foregoing minimum requirements. Local advertising expenditures shall not include incentive programs, including, without limitation, costs of honoring coupons or costs of honoring sales promotions, nor shall it include salaries, contributions, donations, press parties, or in-store fixtures or equipment, and exterior or interior signage.

11.3 Advertising Cooperatives. In connection with the Business and any and all other Purvelo Businesses owned or operated by Franchisee, Franchisee shall participate, if required by Franchisor, in any local, regional, or national cooperative advertising group, consisting of other Purvelo Businesses, when and if any such groups are created (each, an "**Advertising Cooperative**"). The particular Advertising Cooperative(s) in which Franchisee may be required to participate shall be designated by Franchisor in its sole discretion (which designations may be based upon, without limitation, the particular Designated Market Area, or the Area of Dominant Influence, as those terms are used in the advertising industry, where the Purvelo Businesses operated by Franchisee are located). Franchisee's payments to any Advertising Cooperative shall be determined by Franchisee and those other franchisees of the System and/or Franchisor, as the case may be, who are participants in such Advertising Cooperative, as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation, or other payment agreements of such Advertising Cooperative. Franchisee, however, may not be required to spend more than the greater of \$10,000 or 2% of Gross Sales per annum in connection with any Advertising Cooperative. Amounts paid to an Advertising Cooperative shall be credited against payments Franchisee is otherwise required to make for local advertising as required by Section 11.2 above. Any payments to an Advertising Cooperative shall be in addition to the amounts required to be paid or spent under Sections 11.1 and 11.2 hereof. Franchisee further acknowledges that Franchisor may require that any Advertising Cooperative participate in marketing or advertising programs which may include one or more franchise systems which may be owned by Franchisor or Franchisor's affiliates; provided that a substantial focus of such programs includes the promotion of the System. Franchisee shall enter into such formal agreements with such other franchisees of the System and/or Franchisor, as the case may be, as shall be necessary or appropriate to accomplish the

foregoing. If Franchisee becomes delinquent in its dues or other payments to the Advertising Cooperative, such delinquency shall be deemed a failure to participate in the Advertising Cooperative and a material breach of this Agreement. Franchisor may upon 30 days' written notice to Franchisee suspend or terminate an Advertising Cooperative's program or operations, or require an Advertising Cooperative to be changed or merged with other Advertising Cooperatives.

11.4 Approval of Advertising. All of Franchisee's advertising must be in such media, and of such type, format and other particulars as Franchisor may approve, must be conducted in a dignified manner, and must conform to such standards and requirements as Franchisor may specify in the Manuals or elsewhere. Any and all advertising and marketing materials (whether developed in connection with an Advertising Cooperative or otherwise) not prepared or previously approved by Franchisor shall be submitted in writing to Franchisor at least 14 days prior to any publication or run date for approval, which may be arbitrarily withheld. Franchisor may grant or withhold its approval, in its sole discretion. Franchisor will provide Franchisee with written notification of its approval or disapproval within a reasonable time. If Franchisor does not notify Franchisee of its approval or disapproval within 10 days of Franchisor's receipt of the materials, the materials shall be deemed approved. Franchisee must discontinue the use of any approved advertising within five days of Franchisee's receipt of Franchisor's request to do so. No advertising or promotion by Franchisee shall be conducted on or through the Internet/world wide web or other electronic transmission via computer without express prior written approval by Franchisor. All advertising and promotion by Franchisee must be factually accurate and shall not detrimentally affect the Marks or the System, as determined in Franchisor's sole discretion. Franchisee shall only use the telephone number provided by Franchisor in connection with all marketing initiatives. Franchisee is prohibited from establishing any websites for their studio that is independent of those established by Franchisor.

11.5 Ownership of Advertising Materials. Franchisee acknowledges and agrees that Franchisor is the sole and exclusive owner of all copyrights in any and all marketing, advertising or promotional materials made available to Franchisee which have been prepared by or on behalf of Franchisor or contain any of the Marks and that such materials shall at all times remain the exclusive property of Franchisor. Franchisee shall not at any time transfer such materials to any third party, other than a licensee authorized to sell the products depicted in such materials, without Franchisor's prior written consent.

12. COUNSELING AND ADVISORY SERVICES AND ONSITE ASSISTANCE

During the term of this Agreement, Franchisor will, upon the request of Franchisee, furnish an additional, reasonable level of counseling and advisory services by phone, email or video conference to Franchisee (as Franchisor deems appropriate) with respect to the opening and operation of the Business, including consultation and advice regarding the following: (i) the Studio; (ii) equipment selection and layout; (iii) selection and use of tools; (iv) employee selection and training; (v) advertising and promotion; (vi) bookkeeping and accounting; (vii) purchasing and inventory control; (viii) operational problems and procedures; (ix) periodic inspections; (x) licensing and permitting, and (xi) new developments and improvements to the System. These counseling and advisory services shall occur at Franchisor's offices or via telephone, online video conference, or e-mail. Franchisor shall provide such remote assistance at no additional expense to Franchisee, but in the event Franchisee requests on-site assistance, Franchisee agrees to reimburse Franchisor for all reasonable expenses in providing the same. In addition, if requested by Franchisee and Franchisor's personnel are available, Franchisor may, in its sole discretion, provide onsite assistance and training at the Business. Franchisor shall only be liable to Franchisee for acts of gross negligence or willful misconduct in connection with providing or failing to provide such services.

13. TRAINING

13.1 Initial Training. Franchisee (or its principal owner) and its Manager must attend and successfully complete, to the satisfaction of Franchisor, an initial training program specified by Franchisor before the Business may open for business. Franchisee must complete the initial training program by the earlier of (i) six months after the Effective Date or (ii) the three weeks prior to opening your Studio for business. No fee will be charged by Franchisor for the participation of up to two individuals in the initial training program; however, the Franchisee shall be responsible for the costs and expenses (such as transportation, lodging, meals, incidentals, and compensation) of each person who attends the training. The Business must at all times be operated by a person who has successfully completed the initial training program. Franchisor reserves the right to waive all or a portion of the initial training program in its sole discretion. Initial Training shall take place at Purvelo headquarters in Charlottesville, Virginia or a location designated by Franchisor.

13.2 Failure to Complete Initial Training Program. If Franchisor determines, in its business judgment, that the Franchisee (or its principal owner) or its Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If Franchisee is a business entity and the principal owner fails to complete the initial training program to Franchisor's reasonable satisfaction, or if the Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion and on terms designated by Franchisor, Franchisee may be permitted to select a substitute owner or Manager, as appropriate, and such substitute owner or Manager must complete the initial training to Franchisor's reasonable satisfaction.

13.3 Instructor Training. Every Franchisee must have its designated Instructor attend Instructor Training with Purvelo's Master Trainer in Charlottesville, Virginia or an alternate location designated by Franchisor. Every Franchisee must maintain at least one instructor who has completed Instructor Training at all times. Franchisee shall implement a training program approved by Franchisor for employees of the Business and shall be responsible for the proper training of its employees. Franchisee agrees not to employ any person who fails or refuses to complete Franchisee's training program or is unqualified to perform his or her duties at the Business in accordance with the requirements established for the operation of a Purvelo Business.

13.4 Additional Training. Franchisee may have additional representatives attend Franchisor's Initial Training or Instructor Program, provided space is available and that reasonable notice is provided to Franchisor and that all travel, living, and related expenses incurred by Franchisee's representative during such training shall be at Franchisee's sole cost and expense. In addition, Franchisee and its Managers and employees shall attend and conduct such additional training programs as Franchisor may from time to time reasonably require relating to the operation of the Business and the System. Franchisee also may be required to purchase training videos or other instructional materials as specified by Franchisor from time to time in the Brand Standards Manual or otherwise.

13.5 Annual Convention. Franchisor shall require Franchisee and/or one or more of the operating managers of the Business to attend an annual convention. Franchisee will be responsible for the travel and living expenses of such persons, and Franchisor may charge a reasonable fee sufficient to cover the costs and expenses of such convention and conferences. Attendance at the annual convention shall be mandatory and the annual convention fee shall apply whether or not Franchisee attends the convention. The annual convention fee shall be the amount stated in the annual convention notice from Franchisor, or if Franchisee does not attend the conference, \$1,000 (or such then current amount set forth in the Manuals).

14. MARKS

14.1 Ownership of the Marks. Franchisee acknowledges and agrees that Franchisor is the owner of the Marks and that nothing herein contained shall give Franchisee any right, title, or interest in and to the Marks, except the non-exclusive right to use the Marks in connection with the operation of the Business under the System in accordance with the terms of this Agreement. Franchisee also acknowledges and agrees that the Marks and all goodwill now or in the future pertaining to the Marks are the sole and exclusive property of Franchisor and that it shall not raise or cause to be raised any questions concerning, or objections to, the validity or ownership of such Marks on any grounds whatsoever. Franchisee will not seek to register, reregister or assert claim to or ownership of, or otherwise appropriate to itself, any of the Marks or any marks or names confusingly similar to the Marks, or the goodwill symbolized by the Marks except insofar as such action inures to the benefit of and has the prior written approval of Franchisor. Upon the expiration, termination or cancellation of this Agreement, whether by lapse of time, default or otherwise, Franchisee agrees immediately to discontinue all use of the Marks and to remove all copies, replicas, reproductions or simulations thereof from the Business and to take all necessary steps to assign, transfer or surrender to Franchisor, as appropriate, or otherwise place in Franchisor or its designees title to all such names or marks (other than the Marks) which Franchisee may have used during the term of this Agreement in connection with the operation of the Business. Franchisee hereby acknowledges that Franchisor owns and controls the System and all of its components.

14.2 Use of the Marks. In order to protect the Marks, the System, and the goodwill associated therewith, Franchisee shall, unless Franchisor otherwise consents in writing:

A. Only use the Marks designated by Franchisor, and only in the manner authorized and permitted by Franchisor. Franchisee shall not make any changes or substitutions whatsoever in or to the use of the Marks unless directed by Franchisor in writing. Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement and/or the Manuals, and only for the sale of services and products expressly authorized by Franchisor, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and a breach of this Agreement;

B. Only use the Marks for the operation of the Business or in advertising for the Business. Franchisee must not register, attempt to register, obtain any ownership in, or otherwise utilize any website, domain name, URL, social media account, Internet presence or other electronic communications portal relating to the Business that has not been previously approved by the Franchisor. If Franchisee registers, attempts to register, obtains any ownership in, or otherwise utilizes any website, domain name, URL, social media account, Internet presence or other electronic communications portal in violation of this Section 14.2.B, in addition to any rights Franchisor may have under Section 19.2 hereof, Franchisee acknowledges and agrees that any such website, domain name, URL, social media account, Internet presence or other electronic communications portal, including any copyrights therein, are Franchisor's property. If a court of competent jurisdiction determines that any ownership rights to any website, domain name, URL, social media account, Internet presence or other electronic communications portal are not automatically transferred to Franchisor pursuant to this Section 14.2.B Franchisee agrees to execute any documents Franchisor deems necessary to give effect to this Section 14.2.B;

C. Operate and advertise the Business only under the name "Purvelo" or such other Marks as Franchisor may designate from time to time, without prefix or suffix, except as specifically instructed by Franchisor to describe the location of the Business;

D. If Franchisee is a corporation, limited liability company, partnership, or other type of entity, not use any of the Marks, including, without limitation, the name "Purvelo" in its corporate or other legal name without the prior express written consent of Franchisor;

E. Follow applicable state or local laws or ordinances if such state or local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise file a report or other certificate indicating that “Purvelo” or any similar name is being used as a fictitious or assumed name, include in such filing or application therefor an indication that the filing is made as a franchisee of “Purvelo Franchising, LLC, a Virginia limited liability company with its principal office address in Charlottesville, Virginia,” and provide a copy of such filing to Franchisor;

F. Have the symbol TM, SM or R enclosed in a circle or such other symbols or words as Franchisor may designate to protect the Marks on all surfaces where the Marks appear; and

G. Franchisee shall be required to use the Marks on all materials representing the Business, including without limitation business cards, stationary, e-mail correspondence, apparel, checks, proposals, contracts, signage, advertising and marketing and promotional materials, provided Franchisee (1) accurately depicts the Marks on the materials, (2) includes a statement on the materials indicating that the business is independently owned and operated by Franchisee, (3) does not use the Marks in connection with any other trademarks, trade names or service marks unless specifically approved by Franchisor in writing prior to such use, and (4) makes available to Franchisor, upon its request, a copy of any materials depicting the Marks.

14.3 Internet and Website Use. Franchisee will not establish a website, social media account, listing or any other form of presence on the Internet using or containing any of the Marks or anything similar to “Purvelo” without Franchisor’s prior written consent. Franchisor retains the right to pre-approve Franchisee’s use of linking and framing between Franchisee’s web pages and all other web sites.

14.4 Infringement. Franchisee shall promptly inform Franchisor in writing of any infringement or imitations of any Marks, the System, or any act of unfair competition against Franchisor or Franchisee as to which Franchisee has knowledge. Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise, or settle any controversy with respect to any such infringement or unfair competition without first obtaining Franchisor’s written consent. Franchisor shall have the exclusive right to institute, negotiate, compromise, settle, dismiss, appeal or otherwise handle any such action and take such steps as it may deem advisable to prevent any such action and to join Franchisee and any other franchisees as a party to any such action to which Franchisor may be a party and to which Franchisee is or would be a necessary or proper party, but nothing herein shall be construed to obligate Franchisor to seek recovery of costs or damages of any kind in any such litigation, the assertion or waiver of such claims being within the sole discretion of Franchisor. The costs of any such action shall be paid by Franchisor, and any recovery obtained from such infringers shall be paid to Franchisor.

Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in Franchisor’s opinion, be necessary or advisable to protect and maintain Franchisor’s interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor’s interest in the Marks. If Franchisee complies with the provisions of this Section 14.4, Franchisor will reimburse Franchisee for all expenses reasonably incurred in any legal proceeding disputing Franchisee’s authorized use of any Mark(s). Such reimbursement does not include Franchisee’s expenses for removing signage or discontinuing use of any Mark(s). Franchisor will not reimburse Franchisee in any disputes where Franchisor challenges Franchisee’s use of a Mark.

14.5 Substitute Marks. If Franchisor decides to change, add, or discontinue use of any Mark, or Franchisor’s license to use the same, or to introduce additional or substitute Marks, Franchisee, upon a reasonable period of time after receipt of written notice, shall take such action, at its sole expense, as is

necessary to comply with such changes, alteration, discontinuation, addition or substitution. Franchisor shall not have any liability for any loss of revenue or goodwill due to any new Mark or discontinued Mark.

15. RELATIONSHIP OF THE PARTIES

15.1 Independent Contractor. Franchisee is an independent contractor with sole control and oversight for the direction of the Business, subject only to the terms of this Agreement. Any subcontractors retained by Franchisee are independent contractors of Franchisee alone. This Agreement is not intended to, and does not create, a fiduciary or other special relationship between the parties, or make any party a principal, agent, legal representative, parent, affiliate, subsidiary, joint venturer, partner, employer, joint employer, employee or servant of any other party for any purpose. In that regard:

A. Franchisor has no right or duty to operate the Business and disclaims any liability under this Agreement from any damages arising out of the operation of the Business.

B. Franchisee is solely responsible for recruiting, interviewing, hiring, timekeeping, scheduling, payroll processing, supervising, disciplining, and firing of its personnel, and Franchisee's personnel are not employees, independent contractors, or agents of Franchisor. Franchisor has no right or duty to supervise, or to exercise control over, personnel of Franchisee in the operation of the Business, and disclaims any rights or responsibilities as to personnel of Franchisee. Franchisee is solely responsible for consulting with Franchisee's own third-party human resources service provider and/or legal counsel concerning compliance with applicable personnel laws and regulations, and for complying with those laws and regulations.

C. Except as specified in this Agreement, Franchisee is solely responsible for training Franchisee's personnel. To the extent that Franchisor provides Franchisee with guidelines, recommendations, materials, and other resources related to training Franchisee's management and non-management personnel, Franchisee may use those training resources, or may choose to use alternate training resources, so long as Franchisee's management and non-management personnel are trained to operate the Business in a safe manner compliant with the terms of this Agreement and all applicable legal requirements.

D. Franchisee is solely responsible for establishing and enforcing Franchisee's own policies related to personnel practices and labor relations policies. To the extent that Franchisor provides Franchisee with guidelines, recommendations, materials, and other resources related to personnel practices and labor relations, Franchisee may use those resources, or may choose to use alternate resources in its discretion. Franchisee is solely responsible for consulting with Franchisee's own third-party human resources service provider and/or legal counsel concerning compliance with applicable personnel and labor relations laws and regulations, and for complying with those laws and regulations.

15.2 Public Notices. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public, public officials, its suppliers, its independent contractors, its employees, and others, as an independent contractor operating the Business pursuant to a franchise from Franchisor, but not jointly with Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous manner at the Business and on all websites, customer contracts, forms, business cards, electronic communications, advertisements, stationery or other materials, the form and content of which Franchisor has the right to specify and change. Franchisee shall specify that each Purvelo franchise is independently owned and operated.

15.3 Employee Statements and Acknowledgments. During the term of this Agreement, Franchisee shall hold itself out to prospective employees, and to current employees, as an independent contractor operating the Business pursuant to a franchise from Franchisor, but not jointly with Franchisor. Franchisee

shall take any reasonable action that Franchisor considers necessary to that end including, but not limited to, using the following language: “Each Purvelo location is an independently owned and operated business”. As of the date of this Agreement, Franchisor considers the following actions, without limitation, are necessary: (i) stating conspicuously on each employment application that the prospective employee is applying to be an employee of Franchisee and not an employee of Franchisor; (ii) stating Franchisee’s entire business name, rather than just using Franchisor’s brand name and/or logo, on payroll checks and/or payroll-related communications to employees; and (iii) requiring employees to sign acknowledgements that they are not employees of Franchisor, even though they are selling services and/or products identified by Franchisor’s brand name and/or logo, are receiving payroll checks and other communications that contain Franchisor’s brand name and/or logo, may have applied for jobs through Franchisor’s website, or may communicate with or receive non-mandatory feedback, coaching or recommendations from representatives of Franchisor in emails or other electronic or written communications, or during telephone calls, meetings or inspections. Franchisor reserves the right to specify and change the content and form of these statements and acknowledgements.

15.4 Contracts and Representations. Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, Franchisor or in any way to bind Franchisor, or to make any representation to any third party tending to indicate a business relationship with Franchisor beyond that created under this Agreement. Franchisor disclaims any liability for, and shall not be held liable under this Agreement, for any claim or judgment arising as a result of, any such action. Franchisee further agrees not to incur or contract for any debt or obligation on behalf of the Franchisor, represent or imply to third parties that Franchisee is an agent of Franchisor, or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor, or be detrimental to the good name and reputation of Franchisor or any other franchisees of Franchisor.

16. INDEMNIFICATION, INSURANCE AND TAXES

16.1 Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor and its affiliates, shareholders, directors, officers, employees, agents, successors and assignees (the “Indemnified Parties”) against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section or elsewhere in this Agreement, any taxes described in Section 16.3 below and any Claims incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee’s (a) ownership or operation of the Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any of its Affiliates); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Business, including any negligent or intentional acts; (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information; or (g) any “joint employer,” “agency,” or “ostensible agency” or similar claims based on the establishment or operation of the Business. For purposes of this indemnification provision:

A. The term “Claims” includes all obligations, damages (actual, consequential, or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including reasonable accountants’, arbitrators’, attorneys’ and expert witness fees, costs of investigations and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses.

B. Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by any of the Indemnified

Parties. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding.

C. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred.

D. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

E. This indemnity will survive and continue in effect after the expiration or termination of this Agreement.

16.2 Insurance. Franchisee agrees to secure and maintain during the term of this Agreement, at its own cost, an insurance policy or policies protecting Franchisee and Franchisor and its affiliates against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Business, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, and umbrella liability insurance, as further detailed in the Manuals. In connection with this obligation, Franchisee agrees that:

A. Such policy or policies shall reflect industry standards, shall be written by a responsible carrier or carriers acceptable to Franchisor, shall name Franchisor and its affiliates as additional insureds (with the exception of any employer's liability or workers' compensation insurance), and shall provide at least the types and minimum amounts of coverage as are specified in the Operations Manual or Brand Standards Manual as modified by Franchisor from time to time. Franchisee understands and acknowledges that the amounts of coverage required by Franchisor are minimum amounts and do not represent a recommendation by Franchisor as to an appropriate amount of insurance coverage Franchisee should maintain for the Business. Franchisee further understands and acknowledges that it is Franchisee's sole responsibility to determine the proper insurance coverage that is appropriate to protect Franchisee's interests and that Franchisee should seek the consultation and advice of an independent insurance broker to assist Franchisee in making an informed determination.

B. Prior to the opening of the Business and, thereafter, at least 30 days prior to the expiration of any such policy or policies, Franchisee shall deliver to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, and all such certificates shall expressly contain endorsements requiring the insurance company to give Franchisor at least 30 days written notice in the event of material alteration to termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within 30 days after the filing of such claim.

C. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall pay to Franchisor on demand all costs incurred by Franchisor in connection with the placement of such insurance.

D. Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 16.1 hereof. Notwithstanding the existence of such insurance, Franchisee, as agreed above, is and shall be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom.

E. Franchisee shall not permit any third-party sub-contractor to perform any work or offer any services on behalf of Franchisee in respect of the Business unless such sub-contractor maintains insurance coverage in such amounts and types as Franchisee is required to maintain under the provisions of this Section, and such insurance names Franchisor as an additional insured. Franchisee shall maintain evidence of such insurance by its subcontractors and provide such proof of insurance to Franchisor prior to the start of any on-site work at the Studio.

16.3 Taxes. Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement including, but not limited to, if applicable, state employment tax, state sales tax (including any sales or use tax on equipment purchased or leased) and all other taxes and expenses of operating the Business. In no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant to occur against the Business, this Agreement, or any tangible personal property used in connection with the operation of the Business.

17. ASSIGNMENT

17.1 Assignment by Franchisor. This Agreement may be unilaterally assigned by the Franchisor and shall inure to the benefit of its successors and assigns. Franchisee agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the System to a third-party; may go public, may engage in private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Franchisee further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities; however, following any such purchase, merger, acquisition or affiliation, neither Franchisor nor its successors or assigns under this Agreement shall license any third party to operate within the Designated Market Area using the Marks. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of Franchisor under this Agreement. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the Purvelo business or to offer or sell any products or services to Franchisee. In the event of a sale, transfer or assignment by Franchisor of this Agreement or any interest therein, such transfer or assignment will constitute a novation as to Franchisor and Franchisor shall thereupon and without further agreement, be freed and relieved of all liability with respect to such covenants and obligations. The consent of Franchisee to such sale, transfer or assignment shall not be required and, notwithstanding any such sale, transfer or assignment, Franchisee shall continue to be fully bound by its obligations under this Agreement.

17.2 Assignment by Franchisee. For purposes of this Agreement, "Transfer" as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Studio, substantially all the assets of the Studio, or in the ownership of the franchisee entity. "Transfer" as a noun means any such

sale, assignment, gift, transfer, pledge, mortgage, or encumbrance. A “**Control Transfer**” means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Studio or all or substantially all of the Studio’s assets; or (iii) any Controlling Ownership Interest (defined below) in the Franchisee entity, whether directly or indirectly through a transfer of legal or beneficial ownership interests in any owner that is an entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a “**Controlling Ownership Interest**” in Franchisee mean either (a) 20% or more of the direct or indirect legal or beneficial ownership interests in the Franchisee entity or (b) an interest, the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and policies of Franchisee or the Studio to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition. This Agreement is personal to Franchisee, and Franchisor has granted the rights in this Agreement in reliance on Franchisee and its owners’ business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any owner nor any successors to any part of Franchisee’s interest in this Agreement may make any Transfer or permit any Transfer to occur without obtaining Franchisor’s prior written consent, except as provided in Section 17. Any purported Transfer, without Franchisor’s prior written consent, will be null and void and will constitute an Event of Default (as herein defined), for which Franchisor may terminate this Agreement without opportunity to cure.

17.3 Death or Disability of Franchisee. If Franchisee or any owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person’s executor, administrator, personal representative, or trustee must apply to Franchisor in writing within three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person’s interest. The Transfer will be subject to the provisions of this Section 17, as applicable, except there shall be no Transfer Fee due. In addition, if the deceased or incapacitated person is Franchisee or the Operating Principal, then Franchisor will have the right (but not the obligation) to take over operation of the Studio until the Transfer is completed and to charge a reasonable management fee. For purposes of this Section, “incapacity” means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the then-current requirements to be a franchisee the executor may transfer the decedent’s interest to another successor that Franchisor has approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 17.3 within 120 days after the date of death or appointment of a personal representative or trustee, Franchisor may terminate this Agreement.

17.4 Approval of Assignment. If Franchisee or any of its owners desire to make a Transfer, Franchisee must promptly provide Franchisor with advance written notice and must submit a copy of all proposed contracts and other information concerning the Transfer and transferee that Franchisor reasonably requires. Franchisor has the right to communicate with both Franchisee, its counsel, and the proposed transferee on any aspect of a proposed Transfer. No Transfer that requires Franchisor’s consent may be completed until at least 60 days after Franchisor receives written notice of the proposed Transfer. Franchisor has the sole and absolute discretion to withhold its consent, except as otherwise provided in Sections 17.4.C (Transfer for Convenience), 17.4.D (Permitted Transfers), and 14.3 (Death or Disability of Franchisee), and Franchisor may condition its consent on compliance with any conditions that Franchisor specifies. If the Studio is not open and operating, Franchisor will not consent to Franchisee’s Transfer of this Agreement, and Franchisor are under no obligation to do so. Franchisor’s consent to a Transfer does not constitute a waiver of any claims that Franchisor has against the transferor, nor is it a waiver of Franchisor’s right to demand exact compliance with the terms of this Agreement.

- A. Control Transfer. For a proposed Control Transfer, in addition to any other conditions that Franchisor reasonably specifies, the following conditions apply (unless waived by Franchisor):

- a. When Franchisee provides written notice of the proposed Transfer, Franchisee must pay to Franchisor a non-refundable deposit of \$2,500 to cover Franchisor's administrative costs incurred in reviewing the proposal. The deposit will be applied towards the Transfer Fee in the event that the Transfer is completed, but will not be refunded if the Transfer is not completed.
- b. Franchisee or the transferee must pay to Franchisor the applicable Transfer Fee, which is currently Ten Thousand Dollars (\$10,000.00). Franchisee must make such payment by wire transfer from the proceeds of the sale at the closing if Franchisor so requests.
- c. Franchisee must satisfy all of its accrued monetary obligations to Franchisor and must be in compliance with all obligations to Franchisor under this Agreement and any other agreement that Franchisee has with Franchisor and its affiliates as of (i) the date of the request for Franchisor's approval of the Transfer or Franchisee must make arrangements satisfactorily to Franchisor to come into compliance by the date of the Transfer and (ii) the date of the Transfer.
- d. Franchisee and its owners must execute a general release, in a form that Franchisee prescribes, in favor of Franchisee, its affiliates, and its and their affiliates' past, present, and future officers, directors, managers, members, equity holders, agents, and employees, releasing them from all claims, including claims arising under federal, state, and local laws, rules, and regulations.
- e. Franchisee and its owners must agree to remain liable for all of the obligations to Franchisee in connection with the Studio arising before the effective date of the Transfer, and execute any and all instruments that Franchisee reasonably request to evidence such liability.
- f. Franchisee and its Owners must continue to be bound by the provisions of Sections 14 (Marks), 18.3 (Confidential Information), 16.1 (Indemnification), and 18.1 (Covenants Not to Compete) as if they were the Franchisee and this Agreement had expired or terminated as of the effective date of the Transfer.
- g. Franchisee must provide Franchisor with written notice from Franchisee's landlord indicating that Franchisee's landlord has agreed to transfer the site lease to Franchisee's transferee.
- h. Franchisee's proposed transferee (or, if the transferee is not an individual, all owners of any legal or beneficial interest in the transferee) must demonstrate to Franchisor's satisfaction that such transferee meets all of Franchisor's then-current qualifications to become a Purvelo franchisee, including not having any involvement with a Competing Business, and if the transferee is already a Purvelo franchisee, the transferee must not be in default under any of their agreements with Franchisor and must have a good record of customer service and compliance with the System Standards.
- i. Franchisee's proposed transferee and their representatives must successfully complete Franchisor's then-current training requirements at their expense.
- j. Franchisee's proposed transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as Franchisor may request) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of Franchisee's obligations under this Agreement and (ii) must execute Franchisor's then-current form of personal guarantee.
- k. Franchisee's proposed transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as Franchisor may request) must execute, for a term ending on the last day of the existing Term and with such Successor Term as is provided by this Agreement, Franchisor's then-current franchise agreement for new franchisees and such other agreements as Franchisor may require, which agreements will supersede this Agreement in all respects. The terms of the new franchise agreement may

differ significantly from the terms of this Agreement, including different fees. The prospective transferee will not be required to pay any initial Franchise Fee.

- l. Franchisee's proposed transferee must make arrangements to modernize, renovate, or upgrade the Studio, at its expense, to conform to Franchisor's then-current System Standards for new Purvelo Studios.
 - m. Franchisee's proposed transferee must covenant that it will continue to operate the Studio under the Marks and using the System.
 - n. Franchisor must determine, in Franchisor's sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Studio. If Franchisee or its owners finance any part of the purchase price, Franchisee and they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Studio are subordinate to the transferee's obligation to pay all amounts due to Franchisor and Franchisor's affiliates and otherwise to comply with this Agreement.
- B. Non-Control Transfers. For any Transfer that does not result in a Control Transfer, in addition to any other conditions that Franchisor reasonably specifies, Franchisee and/or the transferee must satisfy (unless waived by Franchisor) the conditions in Sections 17.4.A(b) (pay the applicable Transfer Fee), 17.4.A(c) (comply with obligations), 17.4.A(d) (sign general release), 17.4.A(e) (remain liable for pre-Transfer obligations), 17.4.A(f)(remain bound to certain provisions), 17.4.A(h)(transferee meets qualifications), and 17.4.A(j) (sign assignment and guaranty). Franchisee and its owners must sign the form of agreement and related documents that Franchisor then specify to reflect the new ownership structure.
- C. Transfer for Convenience. Franchisor will consent to the assignment of this Agreement to an entity that Franchisee forms for the convenience of ownership, provided that: (i) the entity has and will have no other business besides operating Purvelo Studios; (ii) Franchisee satisfies the conditions in Sections 17.4.A(b) (pay the applicable Transfer Fee), 17.4.A(c) (comply with obligations), 17.4.A(d) (sign general release), 17.4.A(e) (remain liable for pre-Transfer obligations), 17.4.A(f)(remain bound to certain provisions), 17.4.A(h)(transferee meets qualifications), and 17.4.A(j) (sign assignment and guaranty);and (iii) the Owners hold equity interests in the new Entity in the same proportion shown on Exhibit E-1.
- D. Permitted Transfers. The other provisions in this Section do not apply, including Franchisor's right of first refusal and right of approval, to the following Transfers:
- a. Security Interests. Franchisee may grant a security interest in the site (if Franchisee owns the site), the Studio, any Operating Assets, this Agreement, or any direct or indirect legal and/or beneficial interest in Franchisee to a financial institution or other party that provided or provides any financing Franchisee's acquisition, development, and/or operation of the Studio, but only if that party signs Franchisor's then-current form of lender consent to protect Franchisor's rights under this Agreement. Any foreclosures or other exercise of the rights granted under that security interest are subject to all applicable terms and conditions of this Section 17.
 - b. Transfer to a Trust. Any owner who is an individual may Transfer his or her ownership interest in Franchisee (or any of its owners that is an entity) to a trust that he or she establishes for estate planning purposes, as long as he or she is a trustee of the trust and otherwise controls the exercise of the rights in Franchisee (or its owner) held by the trust. Franchisee must provide Franchisor with advance written notice of such proposed Transfer and copies of the trust documentation that demonstrates Franchisee's compliance with this provision at least 30 days before the Transfer's anticipated effective date. Dissolution of,

or transfers from, any trust described in this Section 17.4.D(b) are subject to all applicable terms and conditions of this Section 17.

17.5 Removal of General Partner. If Franchisee is a limited partnership, Franchisee may not remove or appoint, or permit the limited partners to remove or appoint, a new or successor general partner without the prior written consent of Franchisor (even if such appointment is due to the resignation, death, or disability of the general partner).

17.6 Franchisor's Dealings with a Transferee. Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee. Franchisee also acknowledges that Franchisor's contact with potential transferees for the purpose of protecting its business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Franchisor to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Franchisee waives any claim that action Franchisor takes in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships. Further, Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchise by an intended transferee identified by Franchisee.

17.7 For Sale Advertising. Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Business, or in any communication media, any form of advertising relating to the sale of the Business, or the rights granted hereunder.

17.8 Franchisor's Right of First Refusal. Franchisor has the right, exercisable within 30 days after receipt of the notice of Franchisee's intent to Transfer and such documentation and information that Franchisor requires, to send written notice to Franchisee that Franchisor intends to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third-party or, at Franchisor's option, the cash equivalent thereof. If Franchisee and Franchisor cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, Franchisor will designate, at Franchisor's expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. Franchisor may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise its rights. Franchisor must receive, and Franchisee and its owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an entity, as applicable, including (i) representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and (ii) indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or the business prior to the closing of Franchisor's purchase. Closing on the purchase must occur within 90 days after the date of Franchisor's notice to the seller electing to purchase the interest. Franchisor may assign its right of first refusal to another entity or person either before or after Franchisor exercises it. However, Franchisor's right of first refusal will not apply with regard to Transfers to an entity under Section 17.4.D (Permitted Transfers) or 17.3 (Death, or Disability of Franchisee) or Transfers to Franchisee's spouse, son, or daughter.

If Franchisor elects not to exercise its rights under this Section, the transferor may complete the Transfer after complying with the applicable provisions in Section 17.4. Closing of the Transfer must occur within

90 days of Franchisor's election (or such longer period as Applicable Laws may require); otherwise, the third-party's offer will be treated as a new offer subject to Franchisor's right of first refusal. Any material change in the terms of the offer from a third-party after Franchisor has elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer. The Transfer is conditional upon Franchisor's determination that the Transfer was on terms substantially the same as those offered to us.

18. RESTRICTIVE COVENANTS AND CONFIDENTIALITY

18.1 Covenants Not to Compete

A. Non-Competition during Term. Franchisee acknowledges that it will receive valuable, specialized training and confidential information regarding the System and Franchisor and its affiliates' businesses. During the Term, Franchisee and its owners, principals, or guarantors ("**Restricted Parties**") may not, without Franchisor's prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or entity: (i) teach or lead, or train individuals to teach or lead, any rowing-based fitness classes ("**Competitive Classes**") at any location in the United States or via any alternative channels of distribution, such as the Internet, webinar, or other video services; (ii) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (a) any fitness studio or similar facility or business that generates 25% or more of its revenue from Competitive Classes or (b) any entity that grants franchises or licenses for any of these types of businesses (collectively, each, a "**Competitive Business**") at any location in the United States; (iii) divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Classes or Competitive Business, by direct or indirect inducement or otherwise; (iv) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (v) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studio.

B. Post-Term Non-Competition. For two years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, the Restricted Parties shall be subject to the same restrictions as in Section 18.1.A (During Term), except the restrictions in Section 18.1.A(i) and 18.1.A(ii) shall be geographically limited to any location within a ten-mile radius of the former Studio or any other Studio that is operating or under development at the time of such expiration, termination, or Transfer. With respect to the individuals that are Restricted Parties, the time period in this Section 18.1.B will run from the expiration, termination, or Transfer of this Agreement or from the termination of the individual's relationship with Franchisee, whichever occurs first.

C. General. The parties acknowledge that the covenants contained in this Section 18 are based on the reason and understanding that Franchisee and the Bound Parties will possess knowledge of Franchisor's business and operating methods and confidential information, disclosure, and use of which would prejudice the interest of Franchisor and its franchisees. Franchisee further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants, and agrees that, in the event of the actual or threatened breach of this Section 18 by Franchisee or any of its partners or shareholders or any member of the immediate family of Franchisee or any of its partners or shareholders, Franchisor shall be entitled to an injunction, without bond, restraining such person from any such actual or threatened breach, in addition to any other relief to which Franchisor may be entitled in law or equity. If any part of this restriction is found to be unreasonable in time or distance, such time or distance may be reduced by appropriate order of the court to that deemed reasonable. Franchisee further acknowledges and agrees that the provisions of this Section 18.1 shall be tolled during any default under this Section 18.1, and that the restriction shall be applicable for the greater of two years from termination or two years from a court issuing an order restraining the Bound Party from violating this Section 18.1.

18.2 Non-Solicitation. Franchisee and the Bound Parties agree that while this Agreement is in effect and for two (2) years after expiration or termination of this Agreement for any reason, or following the date of a Transfer by Franchisee, they will not, directly solicit or otherwise materially interfere with or disrupt the customer or vendor relationship between Franchisor and any of their respective customers and vendors or between any other Purvelo franchisee and its customers and vendors.

18.3 Trade Secrets and Confidential Information. Franchisee acknowledges and agrees that in connection with the operation of Purvelo Businesses and the System, Franchisor has developed competitively sensitive proprietary and confidential information which are not commonly known by or available to the public. This proprietary and confidential information does not include any information that (a) is commonly known by or available to the public; (b) has been voluntarily disclosed to the public by Franchisor; (c) been independently developed or lawfully obtained by Franchisee; or (d) has otherwise entered the public domain through lawful means. All information which comprises the System including the information and data in the Brand Standards Manual will be presumed to be confidential information of Franchisor, along with the identity and contact information of any customers of the Business.

Franchisee and each Bound Party agree that while this Agreement remains in effect such party will not, directly or indirectly, disclose or publish to any party, or copy or use for such party's own benefit, or for the benefit of any other party, any of Franchisor's proprietary or confidential information, except as required to carry out Franchisee's obligations under this Agreement or as Franchisor has otherwise expressly approved in writing. All proprietary and confidential information of Franchisor is the sole and exclusive property of Franchisor. Franchisee and each Bound Party agree that the restriction contained in the preceding sentence will remain in effect with respect to the confidential information for five years following termination or expiration of this Agreement for any reason; provided, however, if the confidential information rises to the level of a trade secret, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. Franchisee also agrees that it and all of its employees and agents will take appropriate steps to protect Franchisor's confidential information from any unauthorized disclosure, copying or use. At any time upon Franchisor's request, and in any event upon termination or expiration of this Agreement, Franchisee will immediately return any copies of documents where there are materials containing confidential information and will take appropriate steps to permanently delete and render unusable any confidential information stored electronically.

18.4 Personal Covenants of Certain Bound Parties. As a condition to the effectiveness of this Agreement, and at the time Franchisee delivers this signed Agreement to Franchisor, each Bound Party of Franchisee must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit E-2 (the "**Personal Covenants**"), agreeing to be bound personally by all the provisions of Sections 18.1, 18.2 and 18.3 hereof. If there are any changes in the identity of any such Bound Party while this Agreement is in effect, Franchisee must notify Franchisor promptly and ensure the new Bound Party signs and delivers to Franchisor the Personal Covenants.

18.5 Agreements by Other Third Parties. Upon execution of this Agreement and throughout the Initial Term and any succeeding terms, Franchisee, shall cause each of its management and supervisory employees, Managers, Instructors, Principal Owners, and any individual who will have access to Franchisor's confidential information (including the Brand Standards Manual) to execute a noncompetition, non-solicitation and/or nondisclosure agreement substantially in the form(s) provided by Franchisor from time to time within 10 days of any individual's involvement with the Business; however, Franchisee shall be responsible for determining the enforceability of such agreements and making such modifications as may be necessary to ensure such agreements comply with applicable law.

18.6 Franchisee Claims No Defense. Franchisee expressly agrees that the existence of any claims Franchisee may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section 18.

18.7 Freedom to Contract. Franchisee represents and warrants that neither Franchisee nor any of its principals are, at the time of signing this Agreement, subject to any non-compete, non-disclosure, non-circumvent, non-solicitation, confidentiality or other agreement which would restrict or limit Franchisee's or such principal's ability to participate in the ownership or operation of the Business. Franchisee further represents and warrants that neither Franchisee nor any of its principals will be in breach of any such non-compete, non-disclosure, non-circumvent, non-solicitation, confidentiality, or other agreement as a result of entering into this Agreement or participating in the ownership or operation of the Business.

19. TERMINATION

19.1 Termination by Franchisee. Franchisee may terminate this Agreement if:

A. Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such material breach within 60 days after written notice thereof is delivered to Franchisor. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured with such 60-day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional 90-day period to cure the same, and this Agreement shall not terminate.

B. If Franchisee terminates this Agreement pursuant to this Section, all post-termination obligations of Franchisee described herein, including, but not limited to, the restrictive covenants set forth in Section 18 hereof, shall not be waived but shall be strictly adhered to by Franchisee, and Franchisee shall remain obligated to honor all other obligations set forth in this Agreement that, by their terms, apply subsequent to termination of the franchise relationship, including the payment of all outstanding Royalties and other fees due hereunder and compliance with the post-termination covenant not to compete.

19.2 Termination by Franchisor. Any one or more of the following constitutes an "Event of Default" under this Agreement giving Franchisor the right to terminate this Agreement:

A. Franchisee or any owner makes any material misrepresentations or omissions in connection with Franchisee's application to Franchisor for the franchise, this Agreement, or any related documents, or Franchisee submits to Franchisor any report or statement that Franchisee knows or should know to be false or misleading;

B. Franchisee, or its Key Manager or any other personnel required to attend, fail to successfully complete initial training to Franchisor's satisfaction at least ten days before the Opening Deadline;

C. Franchisee fails to sign a lease for the site or purchase agreement that Franchisee has approved for a site that Franchisor has accepted by the Site Acquisition Deadline;

D. Franchisee fails to open for business by the Opening Deadline;

E. Franchisee fails to renovate the Studio as required within the applicable time periods;

F. Franchisee fails to maintain possession of the site and fails to secure Franchisor's approval of and enter into a lease for a new, accepted site within 90 days after the expiration or termination of the original site lease;

G. Franchisee voluntarily suspends operation of the Studio without Franchisor's prior written consent for five or more consecutive business days on which Franchisee was required to operate, unless Franchisor determines, in its sole discretion, that the failure was beyond Franchisee's control;

H. After multiple attempts to reach Franchisee via telephone, e-mail, or other written correspondence, Franchisee fails to communicate with Franchisor within seven days after Franchisor sends Franchisee a written communication in accordance with the Notice Section of this Agreement notifying Franchisee of Franchisor's attempts to reach Franchisee and Franchisor's need to receive a response from Franchisee.

I. Franchisee's Operating Principal, Key Managers, or any representatives that Franchisor designates fail to attend or participate in two or more required franchise conventions, meetings, and teleconferences during any 12-month period, without Franchisor's prior written consent;

J. Any owner or any officers or directors are convicted of or plead nolo contendere to a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that Franchisor believes is likely to have an adverse effect on the franchise system, the Marks and any associated goodwill, or the Purvelo concept (an "**Adverse Effect**") or Franchisee, any owner, or any of officers or directors has engaged in or engages in activities that, in Franchisor's reasonable opinion, are reasonably likely to have an Adverse Effect;

K. Franchisee uses any of the Marks or any other identifying characteristic of Franchisor other than in the operation or promotion of the Studio;

L. Franchisee or any of its owners, directors, or officers disclose or divulge the contents of the Manuals or other Confidential Information contrary to Section 18.3 (Confidential Information);

M. Any Transfer occurs that does not comply with Section 17 (Transfer of Interest), including a failure to transfer to a qualified successor after death, disability, or bankruptcy within the time allowed by Section 17.3 (Death or Disability of Franchisee);

N. Franchisee or any owner violates the noncompete covenants in Section 18 (Covenants Not to Compete);

O. Franchisee breaches or fails to comply with any law, regulation, or ordinance which results in a threat to the public's health or safety and fail to cure the non-compliance within 24 hours following receipt of notice thereof from Franchisor or applicable public officials, whichever occurs first;

P. Franchisee becomes insolvent or makes an assignment for the benefit of creditors, execution is levied against Franchisee's business assets, or a suit to foreclose any lien or mortgage is instituted against Franchisee and not dismissed within 30 days;

Q. Franchisee fails, refuses, or neglects to pay any monies owing to Franchisor or its affiliates or fails to make sufficient funds available to Franchisor as provided in Section 5.2 (Automatic Bank Draft) within ten days after receiving written notice of default or 30 days after due date of the payment, whichever is the shorter period; (ii) Franchisee has previously been given at least two notices of nonpayment for any reason within the last 24 months and Franchisee subsequently fails to timely pay when due any monies; or

(iii) Franchisee fails to do all things necessary to give Franchisor access to the information contained in Franchisee's computer system within 10 days after receiving notice;

R. Franchisee is more than 60 days past due on its obligations to suppliers and trade creditors in an amount exceeding \$2,000, unless Franchisee has given Franchisor prior notice that the failure to pay is a result of a bona fide dispute with such supplier or trade creditor that Franchisee is diligently trying to resolve in good faith;

S. Franchisee fails to pay when due any federal, state or local income, service, sales or other taxes due on the Studio's operation, unless Franchisee is in good faith contesting the liability for these taxes;

T. Franchisee underreports Gross Sales by more than 2% two times or more in any two-year period or by 5% or more for any period of one week or greater;

U. Franchisee refuses to permit, or tries to hinder, an examination, inspection, or audit of its books and records, the Studio, or the site as required by this Agreement;

V. Franchisee fails to timely file any periodic report required in this Agreement or the Manuals three or more times in a 12-month period, whether or not Franchisor provides written notice of such default or Franchisee subsequently cures the default;

W. Franchisee or its affiliates default under any other franchise agreement or other agreement between Franchisee or its affiliates and Franchisor or its affiliates, provided that the default would permit Franchisor or its affiliate to terminate such agreement;

X. Franchisee breaches or fails to comply with any other covenant, agreement, standard, procedure, practice, or rule prescribed by Franchisor, whether contained in this Agreement, in the Manuals, or otherwise in writing and fails to cure such breach or failure to Franchisor's satisfaction within 30 days (or such longer period as Applicable Laws may require) after Franchisor provides Franchisee with written notice of the default; or

Y. Franchisee is in default three or more times within any 18-month period, whether or not the defaults are similar and whether or not they are cured.

19.3 Adverse Change of Law. Franchisor and Franchisee acknowledge that the franchise rights contemplated under this Agreement are granted on the assumption that there will be no adoption, promulgation, modification or reinterpretation by any governmental authority of any applicable law, regulation, policy, order, circular or similar directive which action materially and adversely affects Franchisor's or Franchisee's ability to enjoy the economic benefits of this Agreement, or to enforce its rights hereunder or thereunder (an "**Adverse Change of Law**", which does not constitute an Event of Force Majeure) during the term of this Agreement. If, at any time during the term of this Agreement, there occurs an Adverse Change of Law, the parties agree to use their best efforts and to cooperate with each other in good faith to amend this Agreement either to bring it into conformity with the requirements of the Adverse Change of Law or to seek an alternative way to comply with the Adverse Change of Law which allows both parties to continue to enjoy the economic benefits of this Agreement. If, in Franchisor's or Franchisee's judgment, this Agreement cannot be modified to comply with the Adverse Change of Law without undermining material elements of the franchise relationship or the enjoyment of the economic benefits thereunder, Franchisor or Franchisee (as applicable) may, at its option, without liability for such action or any further obligation to the other, terminate this Agreement and the territorial rights granted hereby upon 90 days' written notice to Franchisor or Franchisee (as applicable); provided that Franchisee shall be

required to comply with all post-termination obligations set forth in this Agreement as a continuing condition to any such termination.

20. EFFECT OF AND OBLIGATIONS UPON TERMINATION

20.1 Obligations upon Termination or Expiration. Upon the expiration or earlier termination of this Agreement, whether by reason of lapse of time, non-renewal by Franchisor and/or Franchisee, default in performance or other cause or contingency, Franchisee shall:

A. Payment of Costs and Amounts Due. Franchisee will pay upon demand all sums owing to Franchisor and its affiliates. If this Agreement is terminated due to an Event of Default, Franchisee will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default. These payment obligations will give rise to and remain, until paid in full, a lien in favor of Franchisor against the Studio premises and any and all of the personal property, fixtures, equipment, and inventory that Franchisee owns at the time of the occurrence of the Event of Default. Franchisor is hereby authorized at any time after the Effective Date to make any filings and to execute such documents on Franchisee's behalf to perfect such lien. Franchisee also will pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, that Franchisor incurs after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 20.1.

B. Discontinue Use of the System and the Intellectual Property. Franchisee must immediately cease using, by advertising or in any other manner, (i) the Intellectual Property (including, without limitation, the Marks and the Trade Dress), (ii) the System and all other elements associated with the System, and (iii) any colorable imitation of any of the Intellectual Property or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or the Trade Dress.

C. Return of Confidential Information. Franchisee must immediately return to Franchisor, at Franchisee's expense, all copies of the Manuals, all customer information, and all other Confidential Information (and all copies thereof). Franchisee may not use any Confidential Information or sell, trade, or otherwise profit in any way from any Confidential Information at any time following the expiration or termination of this Agreement.

D. Cease Identification with Franchisor. Franchisee must immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to Franchisee's use of the Marks and (ii) to, in accordance with Franchisor's directions, cancel or transfer to Franchisor or its designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Studio or the Marks (collectively, "**Identifiers**"). Franchisee acknowledges that as between Franchisee and Franchisor, Franchisor has the sole rights to and interest in all Identifiers. If Franchisee fails to comply with this Section 20.1, Franchisee hereby authorizes Franchisor and irrevocably appoint Franchisor or its designee as Franchisee's attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider, and all listing agencies or providers to transfer such Identifiers to Franchisor. The telephone company, the postal service, registrars, Internet Service Providers listing agencies, and other providers may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such Identifiers and Franchisor's authority to direct their transfer.

E. Franchisor's Right to Purchase Studio Assets.

a. Exercise of Option. Upon termination of this Agreement for any reason (other than Franchisee's termination in accordance with Section 19.1 (Termination By Franchisee)) or

expiration of this Agreement without signing a successor franchise agreement, Franchisor has the option to purchase the inventory, supplies, Operating Assets, and other assets used in the operation of the Studio that Franchisor designates (the “**Purchased Assets**”). As a first step in exercising this option, Franchisor must give Franchisee written notice within 15 days after the date of termination or expiration of Franchisor’s intent to conduct due diligence (the “**Exercise Notice**”). Franchisor has the unrestricted right to exclude any assets it specifies relating to the Studio from the Purchased Assets and not acquire them. Franchisee agrees to provide Franchisor the financial statements and other information Franchisor reasonably requires, and to allow Franchisor to inspect the Studio and its assets, to determine whether to exercise its option. If Franchisee, its owners, or one of its affiliates owns the site, Franchisor may elect to include a fee simple interest in the site as part of the Purchased Assets or, at Franchisor’s option, lease the site from Franchisee, its owner (or an entity controlled by such owner), or Franchisee’s affiliate for an initial 10-year term with one renewal term of five years (at Franchisor’s option) on commercially reasonable terms, which shall include the right to sublease the site to another party. Franchisee and its owners agree to cause the affiliate or any entity controlled by such owner to comply with these requirements. If Franchisee leases the site from an unaffiliated lessor, Franchisee agrees (at Franchisor’s option) to assign the lease to Franchisor or to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the lease.

- b. Operations Pending Purchase. Franchisor may require Franchisee to continue to operate the Studio in accordance with this Agreement during the period between the expiration or termination of this Agreement through (i) the date on which Franchisor decides to decline its right to exercise this option (or the expiration of the option, if Franchisor fails to provide an Exercise Notice by the deadline) or (ii) the closing of the purchase. However, Franchisor may, at any time during that period, assume the management of the Studio itself or appoint a third party (who may be its affiliate) to manage the Studio.
- c. Purchase Price. The purchase price for the Purchased Assets will be their fair market value for use in the operation of a non-franchised Competing Business (and not a Purvelo Studio). However, the purchase price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, the brand image, any Confidential Information or Franchisor’s other intellectual property rights, or participation in the network of Studios. For purposes of determining the fair market value of all equipment (including the exercise equipment and computer system) used in operating the Studio, the equipment’s useful life shall be determined to be no more than three years. If Franchisor and Franchisee cannot agree on fair market value for the Purchased Assets, Franchisor will select an independent appraiser after consultation with Franchisee, and his or her determination of fair market value will be the final and binding purchase price.
- d. Closing. Franchisor will pay the purchase price at the closing, which will take place within 60 days after the purchase price is determined, although Franchisor may decide after the purchase price is determined not to complete the purchase. Franchisor may set off against the purchase price, and reduce the purchase price by, any and all amounts Franchisee owes Franchisor or its affiliates. Franchisor is entitled to all customary representations, warranties, and indemnities in Franchisor’s asset purchase, including (a) representations and warranties as to (i) ownership and condition of, and title to, assets, (ii) liens and encumbrances on assets, (iii) validity of contracts and agreements, and (iv) liabilities affecting the assets, contingent or otherwise, and (b) indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or Franchisee’s business

prior to the closing of the purchase. At the closing, Franchisee agrees to deliver instruments transferring to Franchisor: (x) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and transfer taxes paid by Franchisee; and (y) all of the Studio's licenses and permits which may be assigned or transferred. If Franchisee cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow. Franchisee and its owners further agree to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates, and its and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns.

- e. Assignment. Franchisor may assign its rights under this Section 20.1 to any individual or entity (which may be affiliated with Franchisor), and that person or entity will have all of the rights and obligations under this Section 20.1.

F. De-identification of the Site. If Franchisor does exercise its option to acquire the site lease or the site, Franchisee will make such modifications or alterations to the site immediately upon termination or expiration of this Agreement that Franchisor deems necessary to distinguish the appearance of the site from a Purvelo Studio, including, but not limited to, removing the signs, the Marks, and any Trade Dress so as to indicate to the public that Franchisee is no longer associated with Franchisor. If Franchisee does not comply with the requirements of this Section, Franchisor may enter the Studio without being guilty of trespass or any other tort, for the purpose of making or causing to be made any required changes. Franchisee agrees to reimburse Franchisor on demand for its expenses in making such changes.

G. Reimbursement of Unused Classes. In addition to any procedures that Applicable Laws require, Franchisor may require Franchisee to notify all of the Studio's customers of the termination or expiration of this Agreement in a manner that Franchisor specifies and offer each of them the option to receive a refund of all unused prepaid class credits, which Franchisee is solely responsible for refunding to them in a manner that Franchisor may specify. Franchisor must approve in writing the content of any such notice, prior to Franchisee contacting any of the Studio's customers, and may elect to send the notice on Franchisee's behalf.

H. Promote Separate Identity. Franchisee will not, directly or indirectly, in any manner, identify itself, or any individual connected with it, as a former Purvelo franchisee or as otherwise having been associated with Franchisor.

I. Comply with Noncompete. Franchisee and its owners must comply with the covenant not to compete in Section 18 (Covenants Not to Compete).

J. Injunctive and Other Relief. Franchisee acknowledges that its failure to abide by the provisions of this Section 20 will result in irreparable harm to Franchisor and that its remedy at law for damages will be inadequate. Accordingly, Franchisee agrees that if it breaches any provisions of this Section 20, Franchisor is entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

K. Lost Revenue Damages. Franchisor and Franchisee agree that Franchisor will suffer compensable damages including, among others, the amount of the Royalty and Fund Contributions it would have received, and for which it bargained in entering into this Agreement, if Franchisee terminates this Agreement without cause or Franchisor terminates this Agreement because of Franchisee's breach (the "Lost Revenue Damages"). Franchisor and Franchisee acknowledge that, because Royalty and Fund Contributions are calculated as a percentage of the Studio's Gross Sales, it will be impossible to calculate

Lost Revenue Damages once the Studio ceases operation. To bring certainty to that determination, Franchisor and Franchisee agree that Lost Revenue Damages will equal the net present value of: (1) the lesser of 36 or the number of calendar months remaining on the Term absent the termination, multiplied by (2) the sum of the Royalty and Fund Contribution percentages in effect as of the termination date, multiplied by (3) the average monthly Gross Sales of the Studio during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings Franchisor experienced as a result of the termination; provided, however, that if (i) as of the termination date, the Studio had not operated a full 24 calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved during the period in which it operated, and (ii) if the termination was based on Franchisee's unapproved closure of the Studio, average monthly Gross Sales would be based on the 24 full calendar months immediately preceding the closure of the Studio.

Franchisor and Franchisee acknowledge and agree that (a) their agreement on the calculation of Lost Revenue Damages is a reasonable determination of actual damages that will be suffered by Franchisor in the event of a termination as described above and is not a penalty, and (b) Lost Revenue Damages represent only lost Royalty and Fund Contributions, and the right to recover such damages is not exclusive of and does not replace any other rights Franchisor has under this Agreement or applicable law if this Agreement is terminated as described above, including the right to seek other damages it suffers as a result of a termination as described above or the events on which such termination was based.

20.2 Effect of Expiration or Termination. Upon the expiration or earlier termination of this Agreement for any reason, any and all rights granted to Franchisee hereunder shall be extinguished immediately, but Franchisee shall not be relieved of any of its obligations, debts, or liabilities hereunder. In addition to any other rights and remedies (and in lieu of immediately exercising its rights under this Section, Franchisor may (i) notify each supplier, distributor or vendor of products and services that Franchisee is no longer authorized to purchase products and services, and that sales of such items to Franchisee must therefore be discontinued until further notice from Franchisor and (ii) remove information on Franchisee and the Business from Franchisor's website, cancel Franchisee's access and use of the POS System, cancel Franchisee's account on any Franchisor intranet network. The expiration or earlier termination of this Agreement for any reason will be without prejudice to the rights of Franchisor against Franchisee and will not destroy or diminish the binding force and effect of any of the provisions of this Agreement that expressly, or by reasonable implication, come into or continue in effect on or after the expiration or earlier termination hereof.

21. OTHER BUSINESS

Franchisee agrees not to carry on or conduct or permit others to carry on or conduct any other business, activity, or operation (other than the operation of the Business in conformity with this Agreement and the Manuals) at any location at which the Business operates without first obtaining the written consent of Franchisor.

22. OWNERSHIP OF FRANCHISEE

Attached hereto as Exhibit E-5 is a description of the legal organization of Franchisee (whether a corporation, limited, liability company, partnership or otherwise), the names and addresses of each person or entity owning a 10% or greater interest in Franchisee (the "**Principal Owners**") and the percentage of such interest owned by such person or entity. Franchisee agrees to notify Franchisor in writing whenever there is any change in the organizational structure or ownership interest of Franchisee as set forth on Exhibit E-5. Franchisor shall require each Principal Owner and such Principal Owner's spouse, if any, to execute the Guaranty Agreement attached hereto as Exhibit E-6.

23. SUCCESSORS AND THIRD-PARTY BENEFICIARIES

This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon and shall inure to the benefit of Franchisee and its permitted heirs, successors, and assigns. Except as contemplated by Section 17.1, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. This Agreement is, however, intended to bind the Bound Parties to the extent set forth in this Agreement.

24. CONSTRUCTION

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed, and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee shall be deemed to be joint and several covenants, agreements, and obligations of each of the persons named as Franchisee, if more than one person is so named. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed or effected actions that require Franchisor's approval. Whenever Franchisor reserves discretion in a particular area or where it agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment in making its decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if its decision or action is intended, in whole or significant part, to promote or benefit the System generally, even if the decision or action also promotes its financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product or service quality, improving uniformity, enhancing, or encouraging modernization, and improving the competitive position of the System.

25. INTERPRETATION AND HEADINGS

The parties agree that this Agreement should be interpreted according to its fair meaning. Franchisee waives to the fullest extent possible the application of any rule which would construe ambiguous language against Franchisor as the drafter of this Agreement. The words "include," "includes," and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation." References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

26. NOTICES

All notices or other communications required or permitted to be given under the terms of this Agreement, shall be given in writing, and be delivered personally, by email, by certified, express or registered mail, or by an overnight delivery service (e.g., UPS or Fed Ex.), postage prepaid, addressed to the party to be notified at the respective address set forth on Exhibit E-1, or at such other address or addresses as the parties may from time to time designate in writing in accordance with this Section. Any notice shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, or partner of the recipient party); (b) immediately upon transmission via email (as long as receipt is confirmed); (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5)

business days after being sent by registered mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on Exhibit E-1 of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

Purvelo Franchising, LLC
Attention: RJ Krone
1000 W. Main Street
Charlottesville, Virginia 22903

27. DISPUTE RESOLUTION

27.1 Choice of Law. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

27.2 Internal Dispute Resolution. Franchisee agrees that, except as set forth in Section 27.4 below, before it or any of its owners or representatives initiates an arbitration or litigation against Franchisor, its parents, affiliates, and subsidiaries, or their respective owners, officers, directors, employees or representatives, Franchisee will provide Franchisor with written notice of the underlying claim or dispute (the “**Dispute**”) specifying, in detail, the precise nature and grounds of the Dispute. Within thirty (30) days after delivery of such claim or dispute to Franchisor, Franchisor and Franchisee will use good faith efforts to discuss and resolve the Dispute informally for a reasonable period which shall be no more than sixty (60) days unless mutually extended by the Parties.

27.3 Mediation. Except as provided in Section 27.4 below, the Parties agree to submit any Dispute they are unable to resolve informally, as described in Section 27.2 above, to mediation. It is the intent of the parties that mediation shall be held not later than 14 days after a written request for mediation shall have been served on the other parties. The mediation will be held before one mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator selected by the American Arbitration Association (“**AAA**”). The mediation shall not last more than one day and shall be held in Charlottesville, Virginia, unless Franchisor no longer has an office there, in which case it will be held in the metropolitan area of Franchisor’s then-current principal place of business. The mediation shall be governed by the rules of the AAA.) day.

27.4 Other Proceedings (Right to Injunctive Relief). Nothing in this Agreement, including the provisions of Sections 27.2 and 27.3, bars Franchisor’s right to seek and obtain in any court of competent jurisdiction injunctive or other equitable relief against actual or threatened conduct that it believes is likely to cause loss or damage to the Marks, its proprietary information, or the System, in each case, under customary equity rules, including applicable rules for obtaining restraining orders and injunctions. Franchisee agrees that Franchisor may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. Franchisee agrees that Franchisor will not be required to post a bond to obtain injunctive relief and that Franchisee’s only remedy if an injunction is entered against it will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

27.5 Cumulative Rights and Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

27.6 Limitation of Damages and Disclaimer. FRANCHISEE AND FRANCHISOR EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, UNDER ANY THEORY OF LIABILITY, ANY RIGHT OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IF THERE IS A DISPUTE WITH THE OTHER, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, INCLUDING REASONABLE ACCOUNTING AND LEGAL FEES; PROVIDED THAT FRANCHISOR SHALL BE ENTITLED TO LOST PROFITS BASED ON A FAILURE OF FRANCHISEE TO OPERATE THE BUSINESS FOR THE ENTIRE TERM OF THIS AGREEMENT.

27.7 Waiver Of Jury Trial. FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

27.8 No Class Actions. FRANCHISOR AND FRANCHISEE AGREE THAT ANY AND ALL LITIGATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS.

27.9 Agreement on Statutes of Limitation. EXCEPT FOR AN ACTION ARISING FROM FRANCHISEE'S NONPAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES FRANCHISOR PURSUANT TO THIS AGREEMENT, OR AN ACTION RELATED TO FRANCHISEE'S UNAUTHORIZED USE OF THE MARKS, ANY AND ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN 2 YEARS FROM THE DATE ON WHICH THE PARTY ASSERTING SUCH ACTION KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH ACTION.

27.10 Service of Process. The parties agree that service of process in any proceeding arising out of or relating to this Agreement or the performance thereof may be made as to Franchisee and/or the Principals by serving a person of suitable age and discretion (such as the person in charge of the office) at the notice address of Franchisee specified in Exhibit E-1 to this Agreement and as to Franchisor, by serving the Franchisor at the notice address specified in Section 26 above or by serving Franchisor's registered agent.

28. COSTS AND ATTORNEYS' FEES

If Franchisor incurs any expenses in connection with Franchisee's failure to pay any amounts it owes when due, submit any requested reports when due or otherwise comply with this Agreement, Franchisee shall reimburse Franchisor for any of the costs and expenses which Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees. The duty to pay such costs and fees shall survive termination or expiration of this Agreement.

29. WAIVER

No waiver, delay, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or a different kind; nor shall any delay or omission of

Franchisor to exercise any right arising from any such default affect or impair Franchisor's rights as to such default or any future default. In addition, subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

30. SEVERABILITY

Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under of this Agreement.

Notwithstanding the above, each of the covenants contained in Section 18 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable, or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

31. FORCE MAJEURE

31.1 Acts of God. Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God (including tornadoes, tropical storms, hurricanes, and storm surges), war, governmental regulation or control, epidemic, pandemic or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay; provided that if the delay extends beyond 365 days then Franchisor may terminate this Agreement upon delivery of written notice to Franchisee, in which case Franchisee shall comply with all of its post-termination obligations under this Agreement. This clause shall not result in an extension of the term of this Agreement.

31.2 Losses. Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisor's or Franchisee's breach is due to strikes, lockouts, casualties, acts of God, war, or other causes beyond the reasonable control of the parties.

32. TIMING

Time is of the essence; except as set forth in Section 31.1, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

33. DELEGATION BY FRANCHISOR

Franchisor shall have the right to delegate (to one or more affiliates and/or third parties) performance of any or all of its obligations and duties hereunder. Franchisee agrees to such delegation. Franchisee further agrees that: (i) the term "Franchisor" as used in this Agreement will refer only to Purvelo Franchising, LLC and not our parent or affiliates; (ii) Franchisor is not authorized to contract for or on behalf of its parent or

any of its affiliates; and (iii) this Agreement will not be deemed to bind or otherwise restrict Franchisor's parent or any of Franchisor's affiliates.

34. WITHHOLDING PAYMENTS

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any of its affiliates. Franchisee shall not withhold or offset any amounts, damages, or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

35. CUMULATIVE RIGHTS

The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Franchisor or Franchisee are entitled, either by this Agreement or by law.

36. ENTIRE AGREEMENT

This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the parties hereto relating to the operation of the Business and no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein or in Franchisor's Disclosure Document provided to Franchisee. No agreement altering, changing, waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties. Nothing in this Agreement or any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that the Franchisor furnished to the Franchisee.

37. COUNTERPARTS

This Agreement may be signed in multiple counterpart copies, each of which will be deemed an original. A signature executed or transmitted by electronic means (including DocuSign or similar process, PDF, or facsimile) shall be deemed an original signature that is effective and binding for all purposes.

38. REVIEW OF AGREEMENT AND FRANCHISEE'S ACKNOWLEDGEMENTS

38.1 Receipt of this Agreement and the Franchise Disclosure Document. Franchisee represents and acknowledges that it has received, read, and understands this Agreement and Franchisor's Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has had a copy of the Franchisor's disclosure document for not less than fourteen (14) calendar days and this Agreement in final complete form in its possession for not less than seven (7) business days.

38.2 Consultation by Franchisee. Franchisee represents and acknowledges that it has had the opportunity to have this Agreement and the business offered hereunder reviewed by professionals of

Franchisee's choosing prior to executing this Agreement, and has either consulted with such professionals or has deliberately declined to do so.

38.3 No Recourse Against Nonparty Affiliates. All claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement, but not including separate undertakings such as guarantees of performance, personal guaranties, or corporate guarantees), may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement ("Contracting Parties"). No Person who is not a Contracting Party, including without limitation any director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financial advisor or lender to, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates, unless such liabilities, claims, causes of action, and obligations arise from deliberately fraudulent acts. Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any Nonparty Affiliates with to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Nothing herein is intended to prevent a Contracting Party from pursuing any distinct legal rights it may have against a Nonparty Affiliate which arise from a separate document, such as a guaranty of performance, personal guaranty, corporate guaranty, or similar agreement. Notwithstanding any other provision of this Agreement which limits the right of prospective Third-Party Beneficiaries, any Nonparty Affiliate may rely on this provision and enforce it against any Contracting Party or other Person or entity.

38.4 Anti-Terrorism Provision. Franchisee and each of Franchisee's owners represents and warrants to Franchisor that: (i) neither Franchisee nor any owner is named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals," "Blocked Persons" or other sanctions lists maintained by the U.S. Treasury Department's Office of Foreign Assets Control currently located at <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>; (ii) Franchisee and each owner will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the U.S. Patriot Act (currently located at <https://www.justice.gov/archive/11/highlights.htm>), U.S. Executive Order 13224 (currently located at <https://www.treasury.gov/resource-center/sanctions/Documents/13224.pdf>) or any similar laws; and (iii) Franchisee and each Owner shall immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

38.5 Acknowledgements. Franchisee assumes sole responsibility for the operation of the Business and acknowledges that, while Franchisor may furnish advice and assistance to Franchisee from time to time during the term of this Agreement, Franchisor has no legal or other obligation to do so except as specifically set forth herein. In addition, Franchisee acknowledges that Franchisor does not guarantee the success or

profitability of the business franchised hereunder in any manner whatsoever and shall not be liable therefor; in particular, Franchisee understands and acknowledges that the success and profitability of the business franchised hereunder depend on many factors outside the control of either Franchisor or Franchisee (such as interest rates, unemployment rates, demographic trends and the general economic climate) and there are significant risks in any business venture, but principally depend on Franchisee's efforts in the operation of the business and the primary factor in Franchisee's success or failure in the business franchised hereunder will be Franchisee's own efforts. Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a Purvelo Business involves business risks and that the success of the venture is dependent in part upon the business abilities and efforts of Franchisee. IN ADDITION, FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR AND ITS REPRESENTATIVES HAVE MADE NO REPRESENTATIONS OR WARRANTIES TO FRANCHISEE THAT ARE INCONSISTENT WITH THE MATTERS SET FORTH IN THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT, AND THAT FRANCHISEE HAS UNDERTAKEN THIS VENTURE SOLELY IN RELIANCE UPON THE MATTERS SET FORTH HEREIN, THE CONTENTS OF FRANCHISOR'S DISCLOSURE DOCUMENT, AND FRANCHISEE'S OWN INDEPENDENT INVESTIGATION OF THE MERITS OF THIS VENTURE.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has executed this Franchise Agreement under seal as of the Effective Date.

FRANCHISOR:

PURVELO FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

EXHIBIT E-1
TO FRANCHISE AGREEMENT

MISCELLANEOUS INFORMATION; DESIGNATED MARKET AREA

Effective Date:

Franchisee's Name:

Initial Franchise Fee: \$45,000 plus \$5,000 for Technology Setup Package

Site Selection Area (if applicable):

Address of Franchisee:

Key Manager:

Operating Principal:

Designated Market Area [Note: Franchisor may provide a map as a graphic representation of the Designated Market Area. In the event of any conflict, discrepancy or confusion, the zip codes listed on this Exhibit E-1 shall control]:

Disclosure Law Compliance:

Delivery Date of Disclosure Document:

Delivery Date of completed copy of this Agreement:

INITIALS: _____

INITIALS: _____

EXHIBIT E-1 A-1
PURVELO FRANCHISE AGREEMENT

SITE ADDENDUM

1. **No Effect on Franchise Agreement Not Specified.** Except for any amendments specific set out in this Addendum, the Franchise Agreement shall remain in full force and effect. This Addendum is attached to the Franchise Agreement and upon execution shall become an integrated part thereof.

2. **Approved Studio Location.** Franchisor and Franchisee agree that the only Site for the operation of the Purvelo studio shall be as follows:

3. **Designated Market Area, if any.** Pursuant to the terms of the Franchise Agreement, the Designated Market Area shall be as follows:

This Addendum is effective as of:

FRANCHISOR:

PURVELO FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

EXHIBIT E-2
TO FRANCHISE AGREEMENT

PERSONAL COVENANTS

Each of the undersigned (“you”) agrees that:

1. All capitalized terms used but not defined in this Personal Covenants shall have the meaning set forth in that certain Purvelo Franchising, LLC franchise agreement, dated as of _____ (the “**Franchise Agreement**”), by and between **Purvelo Franchising, LLC** (“**Franchisor**”), and [FRANCHISEE ENTITY] (“**Franchisee**”).
2. You are a Bound Party.
3. As an inducement to Franchisor to enter into the Franchise Agreement, and in consideration of the direct and personal benefits you will derive from the Franchise Agreement, you agree that: (i) you have read and understand all the provisions of **Sections 18.1, 18.2, 18.3, 18.7 and 27.1 — 27.10** of the Franchise Agreement; (ii) you will be personally bound by all of the obligations and covenants of Franchisee contained in **Sections 18.1, 18.2, 18.3, 18.7 and 27.1 — 27.10** as if such obligations and covenants were made and given personally by you directly to Franchisor; and (iii) such obligations and covenants are fair and reasonable and will not deprive you of your livelihood.
4. If any sentence, clause, paragraph, or combination of any of them in **Sections 18.1, 18.2, 18.3, 18.7 and 27.1 - 27.10** of the Franchise Agreement is held by a court of competent jurisdiction to be unenforceable as applied to you, then such unenforceable sentence, clause, paragraph, or combination may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of **Sections 18.1, 18.2, 18.3, 18.7 and 27.1 — 27.10** shall remain in full force and effect.
5. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that Franchisor furnished to Franchisee.

The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Franchise Agreement.

Signature:

Name:

Date:

EXHIBIT E-3
TO FRANCHISE AGREEMENT

INTERNET WEB SITES AND SOCIAL MEDIA AGREEMENT

THIS INTERNET WEB SITES AND SOCIAL MEDIA AGREEMENT (the “**Internet Listing Agreement**”) is made and entered into as of _____ (the “**Effective Date**”), by and between **Purvelo Franchising, LLC**, a Virginia limited liability company (the “**Franchisor**”), and [**FRANCHISEE ENTITY**] (the “**Franchisee**”).

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Purvelo Franchising, LLC Franchise Agreement (the “**Franchise Agreement**”) to operate a Purvelo cycle studio business (the “**Business**”); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement. “**Termination**” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Internet Web Sites and Social Media. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, social media, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the “**Internet Web Sites and Listings**”) related to the Business or the Marks (all of which right, title, and interest is referred to herein as “**Franchisee’s Interest**”).

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the “**Internet Companies**”) with which Franchisee has Internet Web Sites and Listings: (i) to transfer all of Franchisee’s Interest in such Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Internet Listing Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-

in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following: (i) direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor; (ii) direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and (iii) execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

3. CERTIFICATION OF TERMINATION. Franchisee hereby directs the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has Terminated.

4. CESSATION OF OBLIGATIONS. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

5. MISCELLANEOUS

5.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Internet Listing Agreement.

5.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Internet Listing Agreement.

5.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites and Listings.

5.4 Further Assurances. Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement.

5.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement.

5.6 Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

5.7 Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

5.8 Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Internet Web Sites and Listings Agreement as of the Effective Date.

FRANCHISOR:

PURVELO FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

EXHIBIT E-4
TO FRANCHISE AGREEMENT

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the “**Telephone Listing Agreement**”) is made and entered into as of _____ (the “**Effective Date**”), by and between Purvelo Franchising, LLC , a Virginia limited liability company (hereinafter the “**Franchisor**”), and [FRANCHISEE ENTITY] (the “**Franchisee**”).

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Purvelo Franchising, LLC Franchise Agreement (the “**Franchise Agreement**”) to operate a Purvelo cycle studio business (the “**Business**”); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. “**Termination**” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the “**Telephone Numbers and Listings**”) related to the Business or the Marks (all of which right, title, and interest is referred to herein as Franchisee’s “**Interest**”).

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “**Telephone Companies**”) with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee’s Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name

of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following: (i) direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor; (ii) direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and (iii) execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

3. CERTIFICATION OF TERMINATION. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has Terminated.

4. CESSATION OF OBLIGATIONS. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

5. MISCELLANEOUS

5.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

5.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

5.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

5.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

5.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

5.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

5.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

5.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISOR:

PURVELO FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

EXHIBIT E-5
TO FRANCHISE AGREEMENT

FRANCHISEE INFORMATION

1. Franchisee's legal organization (mark one):

- sole proprietorship;
- partnership;
- corporation; or
- limited liability company.

2. **If Franchisee is not a sole proprietor**, list of all partners, members or shareholders or others (including other entities) holding any ownership interest in Franchisee:

	Name and address	% interest	Active in Operation of Business? (yes/no)
(a)			
(b)			
(c)			

3. If Franchisee is not a sole proprietor, list of Franchisee's officers, directors, managers and/or general partners (add more as necessary):

Name:

Title:

Name:

Title:

The undersigned certifies that all information contained in this Exhibit E-5 is accurate and complete, and agrees to notify Franchisor promptly (and in any case within 15 days) upon any change in the information required to be disclosed in this Exhibit E-5.

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

EXHIBIT E-6
TO FRANCHISE AGREEMENT

GUARANTY AGREEMENT

This Personal Guaranty and Assumption of Obligations (this “**Guaranty**”) is given this [DATE], by [FRANCHISEE].

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (“**Agreement**”) by Purvelo Franchising, LLC (“**Franchisor**”), a Virginia limited liability company, and [FRANCHISEE NAME], a [STATE ENTITY TYPE] (“**Franchisee**”), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Agreement and, including any renewal thereof, as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Agreement (collectively, the “**Franchise Documents**”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

1. acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
3. protest and notice of default to any party with respect to the indebtedness of non- performance of any obligations hereby guaranteed;
4. any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;
5. any and all other notices and legal or equitable defenses to which the undersigned may be entitled;

The undersigned consents and agrees that:

1. the undersigned’s direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
2. the undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
3. this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
4. such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
5. such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person,

including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guaranty, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Franchise Agreement or Franchise Agreement.

This Guaranty shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR(S):
(add more as needed)

Signature:

Name:

Date:

EXHIBIT E-7
TO FRANCHISE AGREEMENT

GENERAL RELEASE OF CLAIMS

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release of Claims (“Release”) is made as of the date signed below, by the individual or entity listed below as franchisee (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Purvelo Franchising, LLC (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a Purvelo business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] OR the [Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such; and

WHEREAS, as a condition to Franchisor’s consent, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the state where the Franchised Business is located.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page follows]

Signature Page to General Release Form

IN WITNESS WHEREOF, Releasor has executed this Release as of the date signed below.

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

Date:

FRANCHISEE'S OWNERS:
(add more lines signature lines as necessary)

Signature:

Name:

Date:

Signature:

Name:

Date:

EXHIBIT E-8
TO FRANCHISE AGREEMENT

ACH Authorization

I, _____, authorize Purvelo Franchising, LLC to initiate an electronic debit against the bank account according to the terms outlined below. I acknowledge that the origination of the ACH transactions must comply with the provisioning of United States law.

Billing commences upon signature of this form and is subsequently debited monthly until I, _____, notify Purvelo Franchising, LLC of its cancellation by sending written notice in such time and manner to allow both Purvelo Franchising, LLC and receiving financial institution a reasonable opportunity in which to act upon it.

Business Checking ACH Information

Legal Checking Account Name: _____
DBA: _____
Banking Institution: _____
Bank ABA Routing Number: _____
Bank Account Number: _____

Business Contact Information

Street Address: _____
City, State: _____
Zip Code: _____
Phone Number: _____

Customer Signature: _____
Customer Printed Name: _____
Date Signed: _____

Please attach a copy of a voided check.

EXHIBIT F

DEVELOPMENT AGREEMENT WITH ATTACHMENTS

AREA DEVELOPMENT AGREEMENT

between

PURVELO FRANCHISING, LLC

and

DEVELOPER

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Attachments

- A. Franchisee-Specific Terms
- B. Personal Guaranty for Owner/Shareholder

PURVELO FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT (“Agreement”) is made and entered into as of the date set forth on Appendix A to this Agreement (the “Effective Date”) (Appendix A and all appendices and/or schedules attached to this Agreement are hereby incorporated by this reference) between Purvelo Franchising, LLC, a Virginia limited liability company (“Franchisor,” “we,” “us,” or “our”) and the person or entity identified in Appendix A as the franchisee (“Franchisee” or “you”) with its principal place of business as set forth in Appendix A.

RECITALS

A. We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the “Initial Franchise Agreement”), in which we have granted you the right to establish and operate one Purvelo franchised business within the protected territory set forth in the Initial Franchise Agreement (a “Business”).

B. We desire to grant to you the exclusive right to establish and operate a specified number of Businesses within a specified geographical area in accordance with a development schedule.

C. If you are a corporation, limited liability company, partnership, or other entity (collectively, an “Entity”), all owners of a legal and/or beneficial interest in the Entity (the “Owners”) are listed in Appendix A to this Agreement.

D. You desire to establish and operate additional Businesses upon the terms and conditions contained in our then-current standard franchise agreements (a “Franchise Agreement”).

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of Development Rights and Development Area

Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated in Appendix A to this Agreement (the “Development Area”) the number of Businesses specified in the development schedule in Appendix A (the “Development Schedule”). This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) or the System (as defined in your Initial Franchise Agreement). Rights to use the Marks and the System are granted only by the Franchise Agreements.

2. Fees

Upon execution of this Agreement, you must pay us a development fee in the amount specified in Appendix A (the “Development Fee”), which is based on the initial franchise fee you must pay for each Business that you develop (the “Franchise Fee”, which is also specified in Appendix A). The Development Fee will be credited towards 100% of the Franchise Fee due under the Franchise Agreement for each Business that you develop pursuant to this Agreement, including the Initial Franchise Agreement. The Development Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Development Schedule.

3. Development Schedule and Deadlines

3.1 Development Schedule. You must enter into Franchise Agreements, and open and operate Businesses in accordance with the deadlines set forth in the Development Schedule. By each “Opening Deadline” specified in the Development Schedule, you must have the specified number of Businesses open and operating. Prior to opening additional Businesses in your Development Area, you must: (i) possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Business in our reasonable judgment; (ii) be in full compliance with all brand requirements at any existing Businesses you operate; and (iii) be in compliance with any Franchise Agreement or any other agreement entered into with us.

3.2 Damaged Operating Assets. If the tools and equipment (“Operating Assets”) used in the operation of any Business in your Development Schedule are destroyed or damaged by any cause beyond your control such that they may no longer continue to be utilized for the operation of a particular Business, you must immediately give us notice of such destruction or damage (“Destruction Event”). You must diligently work to repair and restore the Operating Assets as soon as possible to resume operation of your Business. If a Business is closed due to a Destruction Event, the Business will continue to be deemed “in operation” for the purpose of this Agreement for up to 30 days after the Destruction Event occurs. If a Business (i) is closed in a manner other than those described in this Section 3.2 or as otherwise agreed by us in writing or (ii) fails to reopen within 30 days after a Destruction Event, then we may exercise our rights under Section 6.2 (Our Remedies). In the event the Operating Assets are completely destroyed or otherwise incapable of being repaired following a Destruction Event, we will not exercise the remedies set forth under Section 6.2 provided, that (a) within the 30 days after the Destruction Event you have made arrangements with us or our designated supplier to obtain new Operating Assets for use in your Business; and (b) you are open and operating your Business in the protected territory within ninety (90) days of the Destruction Event.

4. Development Area

4.1 Development Area. Except as provided in this Section 4.1, while this Agreement is in effect, provided that you open and operate the Businesses in accordance with the Development Schedule and the minimum number of Businesses that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Development Schedule, we will not operate, or license any person other than you to operate, a Business under the Marks (as defined in your Initial Franchise Agreement) and the System (as defined in your Initial Franchise Agreement) within the Development Area. Each Business you open will be granted a protected territory as set forth in the individual Franchise Agreement for that Business. This Agreement does not give you the right open or operate in any portions of the Development Area until you have signed a new Franchise Agreement which includes that portion of the Development Area as your protected territory. You must locate the Businesses only at sites that we have accepted in accordance with the terms of the applicable Franchise Agreement. We will use our then-current standards for accepting sites and designating Development Areas.

4.2 No Other Restriction On Us. Except as expressly provided in Section 4.1 or any other agreement between the parties, we and our affiliates retain the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Business. For example, we and our affiliates have the right to:

- (a) Establish or license franchises and/or company-owned outlets or other facilities or businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area;
- (b) Sell or offer, or license others to sell or offer, any products or services using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area;
- (c) Advertise, or authorize others to advertise anywhere, using the Marks;
- (d) Acquire, be acquired by, or merge with other companies with existing similar businesses, and/or Purvelo Businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Purvelo name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name; and
- (e) Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement.

5. Term

This Agreement expires at midnight on the last Opening Deadline date listed on the Development Schedule unless this Agreement is terminated sooner as provided in other sections of this Agreement.

6. Termination

6.1 Events of Default. Any one or more of the following constitutes an “Event of Default” under this Agreement:

- (a) You fail to timely execute a Franchise Agreement or fail to pay any initial franchise fee owed thereunder;
- (b) You fail to have open and operating the minimum number of Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule;
- (c) An Event of Default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or
- (d) You breach or otherwise fail to comply fully with any other provision contained in this Agreement.

6.2 Our Remedies. If an event of default occurs which gives us the right to terminate any Franchise Agreement, then we may terminate this Agreement (regardless of whether we exercise our right to terminate such Franchise Agreement). If any Event of Default occurs under Section 6.1, we may, at our sole election: (i) declare this Agreement and any and all other rights granted to you under this Agreement to be immediately terminated and of no further force or effect; (ii)

terminate any exclusive or territorial rights that you may have within the Development Area or otherwise under this Agreement; and/or (iii) exercise any other remedy we may have in law or equity as a result of an Event of Default hereunder. Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. The rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. Notwithstanding anything to the contrary herein, a termination of this Agreement resulting from your failure to open and thereafter operate Businesses in accordance with the Development Schedule will not in itself constitute cause for us to terminate any previously executed Franchise Agreement in effect at the time of such termination.

7. Assignment; Our Right of First Refusal

7.1 Rights Personal to You. This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you hereunder nor any controlling equity interest in you may be voluntarily or involuntarily, directly, or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you without our prior written approval, which we may grant or withhold for any or no reason.

7.2 Our Right of First Refusal

(a) If you receive, and desire to accept, from a third party a bona fide offer to transfer any of your rights in this Agreement, you shall promptly notify us in writing and send us an executed copy of the contract of transfer. We shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to you that we intend to purchase your interest on the same terms and conditions offered by the third party.

(b) Closing on the purchase must occur within sixty (60) days from the date of notice by us to you of our election to purchase. If we elect not to accept the offer within the thirty (30) day period, you shall have a period not to exceed sixty (60) days to complete the transfer subject to our approval of the third-party transferee of your rights, which may be withheld in our sole discretion. Any material change(s) in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

(c) Our failure or refusal to exercise the option afforded by this Section 7 shall not constitute a waiver of any other provision of this Agreement.

(d) If the offer from a third-party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree

within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by us, and such appraiser's determination shall be binding.

7.3 Our Rights to Assign Unrestricted. We may assign this Agreement or any ownership interests in us without restriction.

8. Incorporation of Other Terms

All Articles of the Initial Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of our relationship and the construction of this Agreement as if fully restated within the text of this Agreement.

9. Miscellaneous

Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Initial Franchise Agreement. This Agreement, together with the Initial Franchise Agreement, supersedes all prior agreements and understandings, oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

[SIGNATURE PAGE FOLLOWS]

Signature Page to the Area Development Agreement

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:

PURVELO FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

Attachment A to the Area Development Agreement

FRANCHISEE SPECIFIC TERMS

Effective Date:

Franchisee's Name:

Franchisee's State of Organization:

Ownership of Franchisee: If the franchisee is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

Owner Name	Ownership Percentage
	%
	%

Development Area [attach description and map]:

Total Development Fee:

Number of Studios We Grant You the Right to Develop	Franchise and Development Fees	Cumulative Fee Due at Initial Franchise Agreement Signing
1	\$45,000	\$45,000
2	\$40,000	\$95,000
3+	\$35,000 each	\$120,000+

Development Schedule (Section 3): You agree to establish and operate a total of _____ Businesses within the Development Area during the term of this Agreement. The Businesses must be open and operating in accordance with the following Development Schedule:

MINIMUM NUMBER OF BUSINESSES	OPENING DEADLINE
The minimum number of Businesses open and operating by each Opening Deadline	Deadline to have the minimum number of Businesses open and operating (Month Date, Year)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
	_____ (the Expiration Date of the Agreement)

Other Terms:

Signature Page to Attachment A — Franchisee Specific Terms

FRANCHISOR:

PURVELO FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

Attachment B to the Area Development Agreement

PERSONAL GUARANTY OF OWNER/SHAREHOLDER

This Personal Guaranty and Assumption of Obligations (this “**Guaranty**”) is given this [DATE], by [FRANCHISEE].

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith (“**Agreement**”) by Purvelo Franchising, LLC (“**Franchisor**”), a Virginia limited liability company, and [FRANCHISEE NAME], a [STATE ENTITY TYPE] (“**Franchisee**”), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Agreement and, including any renewal thereof, as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Agreement (collectively, the “**Franchise Documents**”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

1. acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
3. protest and notice of default to any party with respect to the indebtedness of non- performance of any obligations hereby guaranteed;
4. any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;
5. any and all other notices and legal or equitable defenses to which the undersigned may be entitled;

The undersigned consents and agrees that:

1. the undersigned’s direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
2. the undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
3. this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
4. such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
5. such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or

release of any claims, none of which in any way modify or amend this Guaranty, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Area Development Agreement or Franchise Agreement.

This Guaranty shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR(S):
(add more as needed)

Signature:

Name:

Date:

EXHIBIT G

FRANCHISEE COMPLIANCE QUESTIONNAIRE

DO NOT COMPLETE THIS FRANCHISEE DISCLOSURE ACKNOWLEDGMENT IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS(ES) WILL BE LOCATED IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

As you know, **Purvelo Franchising, LLC** (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement (the “**Franchise Agreement**”) for the establishment and operation of a Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting for the Franchisor (“**Broker**”) that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

If you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who are not employees or representatives of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement along with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20____.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if needed.)

5. Have you received and personally reviewed the Franchisor’s Disclosure Document that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if needed.)

8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10. Do you acknowledge that the Franchisor is responsible for fulfilling obligations to you under the Franchise Agreement, and that while some ongoing support may be provided to you by a designee of the Franchisor, that the principal initial and ongoing support, including training, marketing, research and development will be provided by personnel at Franchisor’s headquarters in Charlottesville, Virginia, where records of your franchise relationship will be maintained?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking for the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking for the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking for the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking for the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

15. Has any employee of a Broker or other person speaking for the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or Franchise Agreement?

Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

18. Have you spoken to any other Franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

1. Do you understand that the Franchisor may modify the franchise program throughout the term of your agreements?

Yes _____ No _____

Please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if needed, and refer to them below.)

I signed the Franchise Agreement and Addendum (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist along with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None." _____

C. You also acknowledge that the President of the United States of America has issued Executive Order 13224 (the "**Executive Order**") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "**Anti-Terrorism Measures**"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You also covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this ____ day of _____, 20____.

Sign here if you are acquiring the franchise as an

Sign here if you are acquiring the franchise as a

INDIVIDUAL

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

Signature

Print Name of Legal Entity

Print Name: _____

By: _____
Signature

Signature

Print Name: _____

Print Name: _____

Title: _____

Signature

Print Name: _____

DO NOT COMPLETE THIS FRANCHISEE DISCLOSURE ACKNOWLEDGMENT IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS(ES) WILL BE LOCATED IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

EXHIBIT H

STATE-SPECIFIC ADDENDA

Certain states have laws governing the franchise relationship and require modifications to the Disclosure Document, Franchise Agreement and other documents related to the sale of a franchise. The State Specific Addenda (“Addenda”) below will modify these agreements to comply with specific state laws. The terms of the Addenda will only apply if you meet the requirements of the applicable state. The terms of the Addenda will override any inconsistent provision of the Disclosure Document, Franchise Agreement, or any related documents.

If your state requires these modifications, you will sign the Acknowledgment below, along with the Franchise Agreement, Development Agreement, and any other related agreements.

CALIFORNIA

California Corporations Code Section 31125 requires us to give to you a Franchise Disclosure Document approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement and/or Area Development Agreement.

The Franchise Agreement and Area Development Agreement contain mandatory non-binding mediation provisions. Such mediations will occur in Charlottesville, Virginia. The parties will each bear their own costs of mediation and will share equally the cost of the mediator or mediation service. The Franchise Agreement and Area Development Agreement require mediation. The mediation must take place in the metropolitan area in which our headquarters are located at the time of the dispute (currently Charlottesville, Virginia). The prevailing party in arbitration may recover its fees and costs. In addition, the Franchise Agreement and Area Development Agreement requires litigation in the federal or state courts in Charlottesville, Virginia. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Area Development Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and Area Development Agreement require the application of the laws of the State of Virginia. These provisions may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement and Area Development Agreement contain a covenant not to compete provisions that extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

The Franchise Agreement and Area Development Agreement contain liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release of claims if you renew or transfer your Franchise Agreement or if you transfer your Area Development Agreement. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Item 6 of the Franchise Disclosure Document is amended to state the highest interest rate allowed by law in California is 10% annually.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

OUR WEBSITE (www.purvelocycle.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY

COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

California Business and Professions Code sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise.

For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or Area Development Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

Addendum to the FDD

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Addendum to the Franchise Agreement

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Addendum to the Area Development Agreement

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{See the last page of this Exhibit H for your Signature.}

ILLINOIS

Addendum to the Franchise Disclosure Document

The following information is added to Item 17 of this Disclosure Document:

Illinois law shall apply to and govern the Franchise Agreement and Area Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement or development agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement or development agreement may provide for arbitration to take place outside of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in Sections 20 and 21 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Addendum to the Franchise Agreement and Area Development Agreement

In recognition of the Illinois Franchise Disclosure Act and the Rules and Regulations promulgated thereunder, the Franchise Agreement and Area Development Agreement shall be modified as follows:

Illinois law shall apply to and govern the Franchise Agreement and Area Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement or development agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement or development agreement may provide for arbitration to take place outside of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in Sections 20 and 21 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{See the last page of this Exhibit H for your Signature.}

INDIANA

Item 13 of the Franchise Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the Franchise Disclosure Document is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

No competing business for two (2) years within the Designated Territory.

The “Summary” column in Item 17.t. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement or Area Development Agreement in Indiana. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and Area Development Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, Area Development Agreement, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Virginia law applies.

Despite anything to the contrary in the Franchise Agreement and Area Development Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, Franchise Agreement, Area Development Agreement, or Virginia law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the agreement, will supersede the provisions of the Franchise Agreement or Area Development Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement or Area Development Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement and Area Development Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).
5. The following provision will be added to the Franchise Agreement and Area Development Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{See the last page of this Exhibit H for your Signature.}

MARYLAND

The Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement are amended as follows:

Franchise Disclosure Document

Item 17 of the Franchise Disclosure Document provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

Item 17 of the Franchise Disclosure Document is amended to state “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Item 17 of the Franchise Disclosure Document is amended to state “Any claim arising under the Maryland Franchise and Disclosure Law must be brought within 3 years after the grant of the franchise.”

Item 17v of the Franchise Disclosure Document is amended to state “A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with Franchise.

Franchise Agreement

Section 31 (Acknowledgments) of the Franchise Agreement is deleted.

A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claim arising under the Maryland Franchise and Disclosure Law must be brought within three (3) years after the grant of the franchise.

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any provision contained in the Franchise Agreement that requires the Franchisee to assent to a release, estoppel or waiver of liability is not intended to nor shall it act as a release estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with Franchise.

Area Development Agreement

A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claim arising under the Maryland Franchise and Disclosure Law must be brought within three (3) years after the grant of the franchise.

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any provision contained in the Area Development Agreement that requires the Franchisee to assent to a release, estoppel or waiver of liability is not intended to nor shall it act as a release estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with Franchise.

{See the last page of this Exhibit H for your Signature.}

MINNESOTA

Despite anything to the contrary in the Franchise Agreement and Area Development Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement or Area Development Agreement that would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement or Area Development Agreement that would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement or Area Development Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Area Development Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. The State of Minnesota considers it unfair to not protect the franchisee's right to use the trademark. Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by law, Item 13 of the Franchise Disclosure Document is amended to state that the Franchisor will protect the franchisee's right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify franchisees from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the franchisor's primary trade name.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release of liability imposed by Minn. Stat. Chapter 80C; provided, this shall not bar the voluntary settlement of disputes. The Disclosure Document, Franchise Agreement, and Area Development Agreement are modified accordingly to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement and Area Development Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement or Area Development Agreement conflicts with Minnesota law, Minnesota law will prevail.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rule §§ 2860.0100 through 2860.9930, are met independently without reference to this Amendment.

{See the last page of this Exhibit H for your Signature.}

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
 - B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
 - C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
 - D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.
3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

Sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring that you sign a general release, estoppel, or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Items 17(q) and 17(r) of the Franchise Disclosure Document, Section 19(a) of the Franchise Agreement, and Section 13(b) of the Area Development Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement are amended accordingly to the extent required by law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{See the last page of this Exhibit H for your Signature.}

RHODE ISLAND

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.” The Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement are amended accordingly and to the extent required by law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{See the last page of this Exhibit H for your Signature.}

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Purvelo Franchising, LLC for use in the Commonwealth of Virginia is amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Area Development Agreement involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the franchise, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{See the last page of this Exhibit H for your Signature.}

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, AND RELATED
AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement and Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement or Area Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement, Area Development Agreement, or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement, Area Development Agreement, or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{See the last page of this Exhibit H for your Signature.}

WISCONSIN

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{Signatures on following page}

APPLICABLE ADDENDA

If any one of the preceding State Specific Addenda (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Area Development Agreement, and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Area Development Agreement, and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Disclosure Document or, as applicable, Franchise Agreement, Area Development Agreement, or other specified agreement(s).

- | | | |
|-------------------------------------|---------------------------------------|-------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Minnesota | <input type="checkbox"/> Virginia |
| <input type="checkbox"/> Hawaii | <input type="checkbox"/> New York | <input type="checkbox"/> Washington |
| <input type="checkbox"/> Illinois | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin |
| <input type="checkbox"/> Indiana | <input type="checkbox"/> Rhode Island | |
| <input type="checkbox"/> Maryland | <input type="checkbox"/> South Dakota | |

FRANCHISOR:

PURVELO FRANCHISING, LLC

Dated: _____, 20____

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT I

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	Pending
Hawaii	Not Registered
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPTS

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Purvelo Franchising, LLC (“**Franchisor**”) offers you a franchise, Franchisor must provide this Disclosure Document to you at least 14 calendar days (or sooner, if required by applicable state law) before you sign a binding agreement with, or make a payment to, Franchisor, or any affiliate of Franchisor in connection with the proposed franchise sale.

New York and Iowa require that Franchisor give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Franchisor give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Franchisor does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed on Exhibit A to this Disclosure Document.

Only the following individuals have the authority to offer and sell Franchised Businesses:

- RJ Krone at 1000 W. Main Street, Charlottesville, Virginia 22903, (877) 827-8074

- _____

We have authorized the persons listed on Exhibit B to this Franchise Disclosure Document to receive service of process for us in the listed states.

Issuance Date: August 12, 2024

I have received this Disclosure Document dated August 12, 2024. Please refer to the State Cover Page for the effective date of this Disclosure Statement in your state. This Disclosure Document included the following exhibits:

A	Financial Statements	E	Franchise Agreement with Attachments
B	List of State Administrators and Agents for Service of Process	F	Development Agreement with Attachments
C	List of Current and Former Franchisees	G	Franchisee Compliance Questionnaire
D	Brand Standards Manual Table of Contents	H	State-Specific Addenda
		I	State Effective Dates

Date of Receipt

Signature of Prospective Franchisee

By _____
Print Name

Copy for Franchisor

Please sign and date both copies of this receipt, keep one copy (the first receipt page) for your records, and mail one copy (the second receipt page) to the address listed on the front page of this Disclosure Document or send it to us by e-mail to rjkrone@extraordinarybrands.com.

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Purvelo Franchising, LLC (“**Franchisor**”) offers you a franchise, Franchisor must provide this Disclosure Document to you at least 14 calendar days (or sooner, if required by applicable state law) before you sign a binding agreement with, or make a payment to, Franchisor, or any affiliate of Franchisor in connection with the proposed franchise sale.

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		I	State Effective Dates

Date of Receipt

Signature of Prospective Franchisee

By _____
Print Name

Copy for Franchisee

Please sign and date both copies of this receipt, keep one copy (the first receipt page) for your records, and mail one copy (the second receipt page) to the address listed on the front page of this Disclosure Document or send it to us by e-mail to rjkrone@extraordinarybrands.com.